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West Europe Report

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WEST EUROPE REPORT

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SPD'S SECURITY POLICY POSITION PAPER AIMS AT COMPROMISE

Peace Movement Impact Charged

Bonn DIE WELT in German 19 Mar 86 p 1

[Article by Ruediger Moniac: "SPD Opens Door to Goals of Peace Movement on Defense"]

[Text] Bonn--In preparing for its election party congress this fall, the SPD is trying to open its doors to Green and alternative ideas with regard to security policy. But as part of a kind of dual strategy, it is also making an effort not to antagonize those voters who favor a strong alliance with the United States and a NATO capable of defending itself against attack. Evidence of this is contained in the just published draft of a position paper on security policy for use at the Nuremberg party congress which the appropriate party executive committee has approved and sent on to the SPD presidium.

In the position paper, the SPD distances itself from the first use of nuclear weapons, the principle on which NATO's flexible response strategy is based. The SPD comes out in favor of continued FRG membership in NATO but also states that the alliance should remain confined "geographically to the North Atlantic region." In the SPD view, the Bundeswehr should be reduced "in large part to cadre units." A further stated goal is to create a "structural non-aggression capability" in East and West.

Statements by committee chairman Andreas von Buelow, vice chairman Alfons Pawelczyk and committee member Erwin Horn yesterday seemed to indicate that a major dispute between the two wings of the committee preceded the adoption of the draft. Buelow characterized the position paper as a "keyhole" for a possible policy to be adopted by an SPD-led federal government which would only need the proper "key," i.e. a favorable outcome of the election. The outcome hoped for by Buelow is reflected in the following passage contained in the position paper: "The SPD accept the urgings of the peace movement, the questions of the pacifists and the initiatives for new security policy ideas." In his brief remarks, Pawelczyk emphasized that the draft contains a clear commitment to the continued integration of the FRG in the North Atlantic alliance. Any

change in Western defense postures could only come about if the East were to drop its "forward defense" strategy.

The draft underscores previous SPD demands for the establishment of a "security partnership" between East and West in Europe and in this connection it also speaks of a community of danger. "Common security," the draft states, would lead to the "demilitarization of the power and systems conflict between East and West" in the long run.

Among the additional demands contained in the SPD position paper are the following: the creation of a nuclear-free corridor in Central Europe; a general reduction in nuclear weapons the absence of which should not, however, be compensated for by new conventional arms; the establishment of a ministry for arms reduction and disarmament and, as part of the Stockholm conference, a "permanent consultative group for European security" composed of representatives of the two alliances and the bloc-free and neutral nations.

Excerpts from Position Paper

Bonn DIE WELT in German 19 Mar 86 p 4

[Excerpts from SPD Security Policy Committee draft: "Overcoming the Blocs to Achieve a Peaceful Order"]

[Text] I. Parameters of a Social Democratic Security Policy.

It is the goal of social democratic peace policy to achieve a political world order based on agreed upon procedures for non-violent resolution of conflicts and on the exclusion of war as a political instrument. It is the goal of social democratic security policy to prevent the use of the tools of military power as long as these have not been removed.

The establishment of a peaceful order in Europe requires the courage to act. As long as no peaceful order exists in Europe as yet, the peace policy of the FRG needs to rely on a militarily assured security policy which is integrated into the partnership with the Western democracies.

The peoples of Europe must resolutely continue to pursue the path of détente which was begun in the seventies in order thereby to defuse the East-West conflict and to carry it on as a non-violent competition between differing conceptions of political order.

As democratic socialists, as Germans and as Europeans, we wish to make our contribution to transforming Europe into a zone of peace until the turn of the century from which no further war will originate and into which no war can be carried.

II. Alliance Partnership in the West

Politically and militarily, the FRG is integrated into the European Community and NATO. As long as the Soviet Union continues to be a highly-armed superpower in Europe, the West Europeans must maintain their ties to the military counterpoise of the United States. The FRG will attain the measure of security attainable to it only in conjunction with its partners and only if and when it can define, integrate and implement its own security interests inside the alliance.

The alliance is geographically restricted to the North Atlantic region. Within the context of regionally restricted and strictly defensive statements of its mission, the alliance should contribute to the prevention of war in its area of responsibility and act to prevent war from spilling over from other crisis centers.

III. Security Partnership in the East-West Conflict

The Europeans in the East and West form an endangered community and are therefore able to ensure their security only on a joint basis. The arms race of the past decades has taught us that vulnerability will not disappear and security will not be achieved as a result of it. One's own security always requires the security of the other. Despite their diametrically opposed political systems, the nations embroiled in the East-West conflict must reciprocally accept their elemental security interests. The resolution of conflict cannot be made a prerequisite to peace. The contest of political systems can only be carried on in the form of peaceful competition and not by warlike means...The Europeans in the East and the West can only survive on the basis of a security partnership.

IV. Strategy of War Prevention

The SPD asks that NATO war prevention strategy be updated according to the following criteria:

1. The military strategy of the entire alliance must be in conformity with its political goals, i.e. defense capability and readiness for detente.
2. Both with regard to structure and weaponry, the military instruments must unalterably serve defensive purposes and must not run counter to the goal of a peaceful order in Europe.
3. Alliance strategy and forces structures must support rather than impede agreements on a substantial reduction of forces and weapons in Europe. This applies in equal measure to agreements on military options and developments in arms technology.

4. The structure and weaponry of the armed forces must be such as to provide for a credible forward defense. Under no circumstances may they be operationally suitable for a border-crossing, area-encompassing attack.

5. The military forces of the alliance must be in keeping with the principle of sufficiency and not provide any incentive for an arms race.

6. Defense costs in support of the strategic concept must not overtax the social and economic resources of the alliance partners; nor must they be allowed to undermine their social and economic stability.

7. In crisis situations, the alliance must be in a position to resolve such situations by political means and must be kept free from constraints of escalation. The alliance must remove the alleged dependence on the first use of nuclear weapons.

8. The defense structure should reflect the multinational composition of the alliance and confront any aggressor with the armed forces of the alliance partner.

9. The alliance must take the political and military concerns of our neighbors to the East into account. It must therefore take special pains to clarify the defensive nature of its strategy by emphasis on defense starting at the border.

10. We herewith reiterate our Essen resolution: It is our goal to establish a peaceful order in Europe on the basis of a security partnership between the existing alliances and thereby to overcome these blocs.

An SPD-led federal government will urge that certain changes be made in alliance strategy based on the above criteria. The SPD rejects concepts such as "AirLand Battle," "AirLand Battle 2000" and "Deep Strike" which permit the interpretation of being offensive in nature.

The Warsaw Pact and the Soviet Union in particular must make their contribution to the establishment of a peaceful order in Europe. Common security requires the Warsaw Pact to relinquish its forward defense strategy.

9478

CSO: 3620/638

ARTICLE QUESTIONS REASON FOR LIBYAN OFFICIAL'S VISIT

Athens I KATHIMERINI in Greek 20-21 Apr 86 p 8

[Article by "E": "Dangers..."]

[Excerpts] We really did not need this last visit.

Among all the useless officials we receive because we must, Ahmed Shahati, the deputy foreign minister of Libya, occupies a special place.

Why did he come? What did he have to tell us? We have an ambassador in Tripoli and the Libyans have their own People's Bureau in Athens; communications between them is free.

Did he have nowhere else to go? Why did the Libyans run to us after the greatest crisis affecting their country in al-Qadhdhafi's era occurred? Did they not find another friend, another ally, another correligionist, another Arab, another African neighbor? How can one not be reminded of all the movies we have seen and the books we have read, in which someone suddenly appears with a main objective in mind, that of demanding the settlement of some debt? The repayment of something that had been promised to him? Shahati's arrival did not have the usual diplomatic character; he had only been dispatched to remind the Greeks of something...

Of what?

In what have Andreas, the PASOK, or even the PAK involved us?

Andreas' friendship with Arafat and al-Qadhdhafi was particularly offensive and the entire governmental apparatus propaganda always failed to overcome the antipathy that it fomented.

Why did we need them? Why did Andreas need them?

Until now, or until a few days ago, the question seemed rather innocent. But the scene has changed and things are no longer so simple.

On the contrary, they are complicated and dangerous.

This account they are asking us to settle--because no logical observer can doubt that it is an account--who opened it, in whose name, yours, ours, Greece's? And what secret does it cover, something which has never been told us?

Does a free, democratic state exist today which is managed like ours? With a government which in reality renders no account to anyone and keeps all the plans, all the connections, all financial transactions secret, hidden and known only to a restricted circle?

The all-powerful center remains in Kastri, and within Kastri there are Margaret, Menios [Koutsogiorgas], Akis [Tsokhatzopoulos] and a small group who know what the Chamber of Deputies does not, what the leader of the opposition and most within the government do not.

What is done and what is said, agreements that are signed, all the bargaining conducted with one al-Qadhdhafi or another are known by very few, and even fewer have the opportunity to become involved or to intervene.

The truth is unpleasant, but our regime today is a special kind of dictatorship disguised as a democracy, which has allowed the left to direct the mass media and to influence and poison public opinion. And to paralyze all reactions.

Gentlemen of the government, what is happening with Libya? What did Mr Shahati want from us? What do we owe, what have we promised, what oaths have we taken?

It is an open question whether you, Mr Kharalambopoulos, or you, Mr Papoulias, know anything, whether Andreas has designed to inform you. You do not know and you are not ashamed of it, you ignore the consequences because you are too attached to your ministerial positions and are indifferent toward the country and its future. Shahati was sent by his gang to ask for repayment and perhaps to threaten. We "threw him in a bag" and sent him back.

However, the affair continues. Secretly, on the screen of Kastri.

/9716

CSO: 3521/32

BRIEFS

U.S. AMBASSADOR BLAMED--It seems that the U.S. ambassador in Greece has a strange conception of what his behavior should be during the time he is serving in our country. There is no other explanation for his recent attempt to invite Greek newspapermen to the U.S. Embassy in order to present to them an analysis of his policy as ambassador of the United States. Some of his first apologies have already been published, and more are threatened. Instead of practicing such "lobbying" activities, the U.S. ambassador--who indeed claims he knows our country and our people, since he had lectured the U.S. Congress on this subject even before coming here--should rather recommend to members of his family to be more careful, and he himself should stop making public comments on parties and personalities of Greek political life. [Text] [Athens POLITIKA THEMATA in Greek 4-10 Apr 86 p 10]

/9716

CSO: 3521/132

VARIOUS GROUPS CALL FOR USSR WITHDRAWAL FROM AFGHANISTAN

Rome LA REPUBBLICA in Italian 22 Mar 86 p 6

[Text] The international committee for solidarity with the Afghan resistance, chaired by Norberto Bobbio and Carlo Ripa Di Meana, yesterday launched an appeal for international organizations, European Community organs, and also Italy to officially recognize the Afghan opposition forces as equivalent to a provisional government.

At a meeting in Rome on the occasion of International Afghanistan Day, Senator Bobbio and EC Commissar Ripa Di Meana stated that it is more necessary today than ever to push the mobilization in support of Afghan resistance to the Soviet occupation. "It is necessary," said Bobbio in the course of his speech, "that the denunciation of the outrages carried out daily by the Red Army in Afghanistan do not diminish in any of the international forums." Hence the proposal for official recognition of the Afghan resistance.

The signatures gathered by the PCI Youth Movement for withdrawal of the Soviet troops from Afghanistan, addressed to the secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev, have now reached 98,000.

The Communist youth federation itself made this known, announcing at the same time a mission to Moscow by the national secretary Pietro Folena, the foreign affairs officer Roberto Cuillo and the secretary of the "League of Intermediate Students," Giorgio Airaud. The delegation will be in Moscow from Monday to Friday at the invitation of the "Comsomol," the Soviet Communist Party's youth organization, and the petition will probably be among the subjects of discussion at the talks. A communique by the PCI Youth Movement in fact places "the local-conflict situations" at the center of the bilateral meetings, along with post-Geneva prospects and relations between the two youth organizations.

13070/12859

CSO: 3528/106

POWER SHARING AMONG COALITION PARTIES EXAMINED

Rome L'ESPRESSO in Italian 23 Mar 86 pp 6-13

[Article by Tullio Fazzolari and Guido Quaranta: 'The Big Swap']

[Text] From the banks to RAI to the powerhouse state agencies, this is the day of reckoning for the government. Here, sector by sector, we show you the latest bidding in the ministerial market.

There will be talk of inflation and terrorism, of institutional reform and of security in the Mediterranean. There is, however, one single issue on which the leaders of all five parties in the majority, seated around the checkout table, are ready to do battle, with no quarter given: who gets what appointment? The real stakes here in this final round of the fight to form a government are the more than 200 positions as president or members of the board of major public corporations, banks, and government agencies whose upper echelons are ripe for replacement.

The free-for-all among the five parties will therefore center not on issues of principle or program, but rather on how the jobs are to be divvied up: from RAI to the savings and loan funds, from the national electric company to state holdings in private firms; these are the key positions for those who will be governing the country for the next several years. This is, practically speaking, the biggest lottery in the history of the Republic: never have so many positions of such crucial importance been available for the political parties to pick and choose among. And the pickings are getting richer by the hour. In a government in which there is even an agency whose sole mission is to boost sales of ice cream on the hors d'oeuvre platter, the parties are determined to lay hands on the State Audit Board by appointing an outside chairman and thus triggering a rebellion among the magistrates.

The bigger the stakes, the hotter the battle among the parties will be. The favored contenders, however, are the two leaders: Ciriaco De Mita's Christian Democrats and Prime Minister Bettino Craxi's Socialist Party. For the rest of the pack (Republicans,

Social Democrats, and Liberals) there is no lack of appetite, but they will have to be content with the crumbs from the table: in other words, the leftovers after the two dominant parties have had their fill.

For the DC and PSI, though, the impending decision will be the great encounter, the settling of the question as to who is to govern. In this particular bout of arm-wrestling, both sides will be out for all they can get. The Socialists have already got first underholds. In February, at a meeting in Bologna, they began focusing their sights on the DC, which has made the banks its private fiefdom. Now they are ready to open fire across the line. "We were counting more heavily on the longevity of the center-left," admits PSI deputy secretary Claudio Martelli: "True, today we have the prime ministry. But on the flow-chart of power, our influence is less than our rightful share." In a word, the lion's share will go to the DC, as it monopolizes all the important ministries. "Let's not talk heresy, now," comes the immediate retort from the head of the Christian Democratic deputies, Virginio Rognoni: "When it comes to power, the Socialists already have too much of it."

With attitudes like that it is clear what the impending selection of a government may become: for each ministry, for each presidency or chairmanship, DC and PSI will face each other in a duel, each asserting its own claims and challenging the other's. Who, though, is right? And, in today's context, what does sharing power between these two parties amount to? To answer that question, we shall have to take a tour of power-sharing Italy, from the banks to the civic theaters, from the local health units (USL) to the helicopter plants, from telephones to the railroads -- all the government jobs are, de facto, in the hands of the parties. Here, sector by sector, is the directory of who runs what.

Too Much Credit to De Mita

Just a few figures, and the DC's iron grasp on the banks is instantly revealed as absolute. Thirty of the 50 biggest lending banks in Italy are "allotted"-- meaning that their top administrators have been chosen by the political party in power. Well, considering both registered members and sympathizers, the DC has about 77 percent of the positions that count (presidents or managing directors). The PSI has to make do with 6.1 percent. With its 9.2 percent, its experts in civilian areas (such as Lucio Rondelli at Credito Italiano) count for a lot more. The PRI has 3 percent. The PSDI has 1.5 percent (what that actually amounts to is presidency of the Bank of Naples).

The overwhelming superiority of De Mita's party emerges even more strikingly in view of the fact that it controls the most powerful lending institutions in the provinces, to wit: the 88 Savings and loans. The DC controls 76.2 percent of their presidents. Earmarked for the PSI is a goodly number of puppet vice-

presidencies, but only a 12.5 percent share of the presidencies. The DC's excessive power over the banks has steadily increased over recent years. De Mita's sworn liegemen have taken over one plum job after another: Gianni Zandano has San Paolo di Torino; Piero Baricci heads Monte dei Paschi di Siena; Ferdinando Ventriglia, as director-general, is the real boss at the Banco di Napoli; Francesco Del Monte is now vice-president of the Banco Nazionale del Lavoro. And the list could go on to the fringe areas. For example, last summer's round of appointments gave the Cassa di Risparmio of Calabria and Lucania to a president and vice president loyal to Riccardo Misasi, who heads De Mita's political office, and has his own electoral college in Calabria.

This is really too much for the Socialists, and they are calling for a halt to "this blatant imbalance." The cabinet selection process will be their chance to say that again and in no uncertain terms: on the next round of appointments to be meted out (slots at the top of some 80 banks), the PSI wants more of a say. And it is in no mood to settle for the usual contingent of vice-presidential chair-warmers. Craxi's party's first goal is to capture the Lombard Provinces savings and loan bank (Cariplo). As a replacement for the DC's Antonio Confalonieri, the Socialists would like to seat Giampiero Cantoni, who currently heads the IBI. The DC's reaction to that was peremptory, to say the least: "Where there is a DC man," Misasi explained to Craxi's right-hand man, Gennaro Aquaviva, "there must be another DC man."

And so the head-on collision between the DC and PSI over the banks becomes inevitable, especially in such regions as Tuscany, where all the banks from Monte dei Paschi right down to the little savings and loan are in fief to the DC. The PSI would also settle for less...say, for the Leghorn savings and loan. Once again, though, they were turned down. The DC has mobilized even the bishop to help defend the Leghorn S&L. The message was swiftly forwarded to Piazza del Gesù: the DC cannot yield control of the Cassa because that bank is its one and only power-center in Leghorn. That reply was unacceptable to the Socialists. That is why they are threatening to open a front of hostilities: It is not possible, they say, for the DC to carry just as much weight on the Credit Committee (the body that makes bank appointments as all the other parties put together. This is the issue, along with the whole banking question, that the next session will tackle, generating considerable sound and fury in the process.

The Matter of RAI

The government-run radio and television corporation (RAI) is the highest hurdle ahead in the current battle. For more than 3 years, nobody has been able to appoint the new board. And,

since Pierre Carniti, RAI president designate of the Socialists who was boycotted by the Christian Democrats, withdrew, relations between the DC and PSI have been strained even further.

None of this, however, prevents the bidding and barter and swapping's continuing to be a way of life at RAI, otherwise known, and for good reason, as "the factory with 13,000 gate-passes." It has indeed that many people on its payroll. Most assuredly that definition is exquisitely suited to newspaper headlines. At TGI, 90 percent of the editorial staff is DC or pro-DC. At GR2, the percentage soars to 95 percent of its 61 reporters. The PSI is quarreling with TG2: 60 percent of its 107-person staff. And with GRI: 60 percent of its 59 reporters are DC or pro-DC.

Pending the appointment of a new administration, the reins of power are firmly in the hands of Director General Biagio Agnes, perceived as De Mita's proconsul at RAI, and his staff is largely made up of alumni of the DC's Ettore Bernabei's school. And in this state of affairs, the DC derived some advantage, having made sure of its control over the regional networks: To beef them up 17 more people have been hired in recent months, and at least 15 of them are Christian Democrats. At RAI right now there are almost 100 top jobs open or about to be open, ranging from chief of personnel (a PSI fiefdom) to the director's chair at TG2. That makes so many good reasons why the next few days around the swapping table will be crucial for the DC and PSI alike. And, in the end, the question boils down to this: the Socialists must push through a nominee for president who will stay ahead of Agnes, while the DC will have to make sure that nobody bothers their director-general.

DC Holdings

At IRI, the biggest of the state participations corporations, job trading no longer exists. That is to say that after 3 years of tenure for Romano Prodi, the entire conglomerate is firmly in the hands of one party: the DC. Among those with close ties to the party are the managers of the major financial trusts and corporations. Fabiano Fabiani, one of De Mita's most influential advisers, is managing director of Finmeccanica. Giuliano Graziosi, another DC stalwart, controls STET and hence the telecommunications sector, for which investments of 50 billion lire are expected.

The Socialists have also hung onto some of the key posts they captured when Gianni De Michelis was state participations minister. For instance, Marisa Bellisario is at Italtel and Baldo De Rossi heads Italstrade. The rest are mainly ornamental spots. Attilio Oliva is president of Finmare, but the man who runs it is Christian Democrat manager Alcide Rosina. Things are the

same at SIP: Michele Giannotta reigns there, but De Mita's man Paolo Benzoni's word is law.

The DC-PSI balance of power is less one-sided at ENI. Socialists are agency president Franco Reviglio, as are five more of the conglomerate's company managers. There are some ten or so DC people manning strongholds in Agip, Snam, and Saipem. There are also considerable numbers of non-party or independent technicians aboard. Even so, the DC is squabbling with the management at IL GIORNO, the ENI newspaper headed by Lino Rizzi, while the AGENCIA ITALIA fell to the Socialist's Gianna Naccarelli.

Right at ENI, though, is where war might break out again between the DC and PSI. De Mita's party is not content with what it has and, when it comes to the new faces on that board of directors, already lame ducks, is demanding two seats on the executive board instead of the one Enzo Barbaglia occupies now. Who is that going to hurt? The Socialists, of course, who even have Reviglio's reappointment in their pocket.

Agency by Agency

The president and two advisers for the DC, the Socialists get a vice president and one adviser. The logic of the barter frenzy does not spare ENEL, the state-owned electric power agency whose mission is to fulfill the nation's energy plan, and is one of the top recipients of government expenditures. Quite the opposite situation pertains at ENEA, the agency in charge of nuclear and alternative energy sources. The PSI will get two advisers and the president (even though Umberto Colombo is no longer on the best of terms with his own party); the DC picks the vice president and three board members. In both agencies, though, De Mita's party packs much more clout than its rival-allies in the PSI, since it controls all the levers through the director-general.

The same applies to INA, the National Insurance Agency. The DC rules there through a director-general and is not overly concerned that the Republic president, Antonio Longo, whose term has expired, might be reappointed or replaced by a Liberal.

The bidding, though, is fast and furious for agencies in every sector. Tourism, for one. While ENIT goes to Socialist Gabriele Moretti, CIT falls to former DC Deputy Carlo Mole. Not even the newly constituted State Railroads Agency escapes the auction-block: its president will be former DC delegate Ludovico Ligato, and its general manager will be Giovanni Coletti, a Socialist technician.

Out in the provinces, though, the balance shifts in favor of the Christian Democrats. De Mita's party controls 78 percent of Chamber of Commerce presidents. The Socialists drop to 8.5 percent, while the Liberals (thanks partly to the long tenure of Renato Altissimo at Industry) are eclipsed by the other parties, with a paltry 4.2 percent. Out in the hinterlands, the PSI can at least claim a mighty fortress in Roberto D'Alessandro, president of the autonomous consortium of the Port of Genoa.

The list of agencies up for grabs could go on far too long. Yet, at the haggling table, the DC and PSI will clash primarily over ENEL. De Mita's party would like a brand-new board of directors to replace its two current representatives, Giancarlo Lizzeri and Fabio Fittipaldi, with nominees more to the Secretary's liking. Giulio Andreotti wants the presidency for Franco Nobile, currently president of Cogefar. The PSI, however, opposes any major turnover, and is shooting for reappointment of Marcello Inghilesi and Valerio Bitetto.

The Health Ward

There are 673 local health units, employing about 800,000 people and running up costs that in 1986 alone cost the taxpayers some 42 trillion lire. The service they provide for 57 million citizens is third-rate, and declining. For the parties that control them, though, their performance is excellent, all the same. In other words, the USLs are primarily a power-base which is often operated amidst waste, delay, inefficiency, and outright theft (witness the 16,000 pending damage suits: an average of 25 for every USL).

The lion's share, as a DOXA-CNEL probe revealed, goes once again to the DC and PSI. De Mita's party controls 44 percent of the top positions (presidents and vice-presidents). Craxi's party picks up 25 percent. In third place is the Communist Party, with 19.9 percent. By comparison with 5 years ago, the DC is losing ground. It once had 54 percent of the top jobs in its grasp. It had to let go of a few of them to the Socialists and to the other allies: Social Democrats, Republicans, and Liberals. However, there will certainly be another swapping round this spring, when, under the USL minireform act, no fewer than 2,680 administrators (almost half the members of the management committees, will lose their seats. And the struggle for survival among the parties is already joined.

Local Governments

From buses to milk depots, the parties also rule the vast archipelago of municipally-owned services: there are about 430 of them, run by 2,000 administrators including presidents and board members chosen directly by the local administrative bodies. In other words, by the politicians. And, once again, there are the usual contenders for the spoils: the DC and the PSI. Only in Emilia and Tuscany has their hegemony been shattered by the Communist Party.

In the other regions, though, the division of the spoils is conducted briskly. The DC will take over 27 percent of the presidencies and is very influential, especially in central Italy, in the South, and in the islands. Its strongholds are several municipally-owned services in Naples (including the extra-urban Transport Consortium, in Bari (sanitation department), in Palermo, and in Cagliari.

The Socialists, however, are not doing badly at all. They have control of 26 percent of the presidencies in municipally owned and operated agencies, most of them in the north-central provinces. In Genoa, for instance, one of their fiefdoms is the gas company, whose 294 customers make it the biggest in Italy. The same story goes for Rome's ATAC, which is the urban transit system which, with its 16,000 employees, is a mighty reservoir of votes.

Even this split has heightened tensions between the DC and PSI. Given the outcome of the general elections last summer, the DC has announced its intention to flesh out its quota at the PSI's expense. As it turns out, of the 70 agencies whose top echelons have been replaced recently, the DC pocketed 30 percent, while the Socialists failed to get beyond 21 percent.

Socialists Backstage

What about the other institutions? Not even the cultural and scientific research outfits escape the auction-block. Among the lyric foundations, the shrillest high-C comes from the PSI, which controls seven of them, followed by the PCI with five, and the DC, with three. The Communal Theater of Florence, for example, went to Socialist Giorgio Vidusso. The Accademia di Santa Cecilia in Rome belongs to the DC's Francesco Siciliani. The subsidized theaters are also dominated by the Socialist Party with 13 of its men in key positions. Next comes the PCI with eight, and the DC with seven. In other cases, the cultural institutions are cut into slices: presiding over the Venice Biennale is the PSI's Paolo Portoghesi, but the secretary-general's seat is reserved for Gastone Favero and the cinema section for Gianluigi Rondi, both of them DC.

Scientific research is also subject to the outcome of party competition. The Socialists get the National Health Institute. The Christian Democrats rule the National Research Council, where Luigi Bernardi has replaced president Ernesto Quagliariello. Again, it is the DC's turn to run the National Nuclear Physics Institute, with their man, Nicola Cabibbo, in the chair, but the top job at the prestigious Frascati Center for Physics goes to the Socialists' Renato Scrimaglio. Who knows whether, when they try to split the atom, they will manage to establish which electrons belong to the DC and which to the PSI?

Small Screen, Big Party

Even among the top executive echelons at RAI, the numerical disparity is overwhelming: two Christian Democrats for every Socialist. From network presidents to news-headline editors to the heads of the several networks, De Mita's party lings to solid control over the national radio and TV agency. Here are the rosters.

Christian Democrats

Biagio Agnes (general director)
Carlo Livi (deputy general director)
Leoni Piccioni (deputy general director)
Emilio Rossi (deputy general director)
Emanuele Milano (director, Network I)
Carlo Fuscagni (system manager, Network I)
Brando Giordani (director, Network I)
Suciano Scafa (system manager, Network I)
Giovanni Salvi (system manager, Network I)
Giuseppe Rossini (director, Network III)
Massimo De Marchis (system manager, Network III)
Albino Longhi (director, Tg I)
Nuccio Fava (deputy director, Tg I)
Mariolino Mauri (deputy director, Tg II)
Luca Di Schiena (director of Tg III)
Orazio Guerra (deputy director of Radio Network II)
Cesare Viazzi (special executive at Tg III)
Corrado Guerzoni (director of Radio Network II)
Aldo Palmisano (director, Gr II)
Paolo Orsino (deputy director of Gr II)

Socialists

Sergio Zavoli (president)
Massimo Fichera (deputy general director)
Pio de Berti Gambini (director Network II)
Sergio Silva (director, Network II)
Giovanni Minoli (director, Network II)
Mario Raimondo (director, Network II)
Marina Tartara (director, Network II)
Stefano Munafo (director, Network III)
Alberto La Volpe (special executive at TGI)
Ugo Zatterin (director, TG I)
Luigi Locatelli (deputy director at Tg II)
Sergio De Luca (deputy director at Tg III)
Salvatore D'Agata (co-director at Gr I)

[Box, p 11]

Bank by Bank

How many bankers can Craxi muster? How many will rally round if De Mita calls? As this table shows, the DC secretary leads the prime minister and the PSI secretary by several country miles. Chairmen or managers of big banks or Savings and Loans who belong to or are supporters of the DC number more than twice as many as those who lean toward the Socialists.

Christian Democrats

Gianni Zandano (president, San Paolo di Torino)
Piero Barucci (president, Monte dei Paschi di Siena)
Carlo Zimi (Administrator General, Paschi di Siena)
Ferdinando Ventriglia (director general, Banco di Napoli)
Romeo Dalla Chiesa (president, Banco di Roma)
Ercole Ceccatelli (administrator, Bank of Rome)
Marcello Tacci (administrator, Bank of Rome)
Alberto Boyer (president, Credito Italiano)
Antonio Monti (vice president, Banca Commerciale Italiana)
Francesco Dal Monte (vice president, Banco Nazionale del Lavoro)
Ottavio Salamone (director general, Banco di Sicilia)
Giosue Ciapparelli (president, Banco di Santo Spirito)
Antonio Confalonieri (president, Capriolo)
Camillo Ferrari (vice president, Capriolo)
Gian Guido Sacchi Morsiani (president, ICCRI)
Enrico Filippi (president Cassa Risparmio di Torino)
Giuseppe Bartolomei (president, Banca Toscana)
Remo Cacciafesta (president, Cassa di Risparmio di Roma)
Gino Barbieri (president, Cassa Risparmio Verona and Vicenza)
Gianni Dagnino (president, Cassa di Risparmio, Genoa and Imperia)
Lapo Mazzei (president, Cassa di Risparmio, Florence)
Ettore Benzi (president, Cassa di Risparmio, Padua and Rovigo)
Cesare Panizza (president, Credito Commerciale)
Francesco Sapio (president, Cassa di Risparmio Calabria and Lucania)
Angelo Calola (president, Mediocredito, Lombardy)
Roberto Foresi (president, Cassa di Risparmio, Leghorn)
Giancarlo Mazzocchi (president, Cassa di Risparmio, Piacenza)
Gino Ceriani (vice president, Isveimer)
Sergio Bertossi (president, Cassa di Risparmio, Udine)

Socialists

Nerio Nesi (president, Banco Nazionale del Lavoro)
Leo Solari (vice president, Credito Italiano)
Tommaso Pesce (vice president Banca Commerciale)
Carlo Polli (vice president Cariplo)
Paolo Baratta (president, Crediop)
Fabio Taiti (general manager, Banca Toscana)
Giampiero Cantoni (president, IBI)
Giuseppe Di Vagno (president, Isveimer)
Francesco Passaro (Cassa di Risparmio, Apulia).

[Box, pp 12,13]

Arnoldi Forlani Expresses Political Views

Once again, at the very moment when tensions between the DC and PSI were nearing the flash-point, it was Deputy Prime Minister Arlando Forlani who set off the sprinkler-system to douse the sparks of conflict and smoothe the turf for the momentous encounter between Ciriaco De Mita and Bettino Craxi. This was the same man who, on the eve of the set-to over ministerial posts, had stepped in with an article in LA REPUBBLICA on institutional reform. L'ESPRESSO questioned him about the state of relations between the Christian Democrats and the Socialists, about the government, and about the outlook for its survival.

[Question] What possible good can this round of haggling do, Deputy Prime Minister? Aren't you worried that this could turn a majority already falling apart at the seams into a revival meeting?

[Answer] There has been an onset of weariness in the majority at the very juncture when the outlook for economic recovery is excellent. What we must do now is to make a clear reassertion of the coalition's agenda, precisely because there is a crying need for resolute action on the part of government, along lines that are both consistent and well-coordinated. We need this if we hope to make the best of this opportunity afforded by the international situation.

[Question] Recently, in view of the confirmation sessions, there has been persistent talk of a changeover at Palazzo Chigi. In your view, has the time come to implement that change?

[Answer] That will depend on how well we manage during these few weeks to restore our collaborative relations. In my view, though, this is not the key issue, even though I see and understand the reason for the mounting emphasis on the theatrical and image-enhancing aspects of politics. If the coalition parties can agree on the genuine issues, in a balanced view of all sides, they will also be able to come up with solutions to the problem within a reasonable length of time."

[Question] At this point, though, do you think the DC made a mistake in handing the prime minister's chair to Craxi? Just recently, L'ESPRESSO published a poll that shows mounting approval of the Socialist leader. Doesn't that give you pause?

[Answer] If we were to find that we had made a mistake, we should sit down and assess the damage. And certainly I would be the first to do so. Last year we won two very significant victories at the polls, and they did the coalition, especially the

Christian Democrats, considerable good. As I see it, these are the "opinion polls" that really count.

[Question] Your article in LA REPUBBLICA has been interpreted as an overture to the PCI. Do you believe that the "program government" Natta has advocated could turn out to be a workable hypothesis?

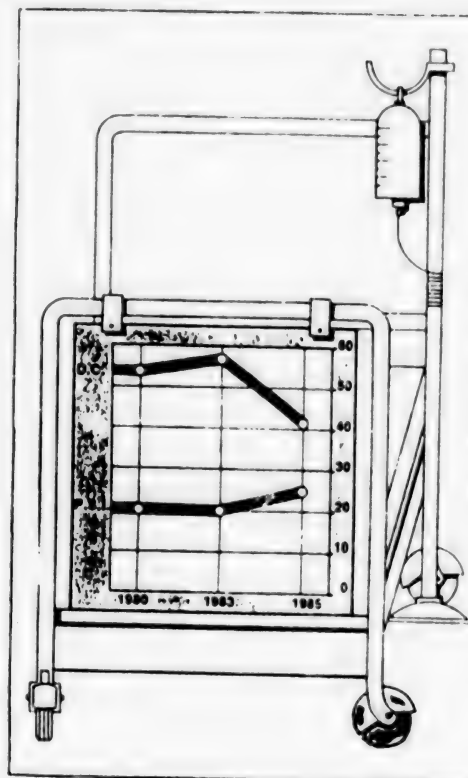
[Answer] The PCI is in deep trouble, and is struggling to redefine its own identity. We have every reason to hope that a revision process will run to term and, in that process, will embrace certain values and concerns of ours. Even if you accept the alternative and bipolar concept, alternation in the system is one thing, but the fact that we perpetuate the risk of an alternative to the system is quite another. As for program government, I do not think that it has been clearly thought through as yet. In any event, I do not believe that the Communists are in any mood right now to vote for a government that does not include them."

[Question] In an explicit evocation of Berlinguer's arguments, you criticized De Mita's plan for electoral reform that would favor a turn about at the head of the government. Why do you oppose the proposal put forward by your party's secretary?

[Answer] We hold no preconceived positions; besides, when it comes to electoral matters, it would be strange to pose the issues in dogmatic terms. These are questions on which there is room for differences of opinion, and it is merely common sense for us to discuss them frequently with one and all. As for electoral reform, a broad consensus becomes even more vital than on other questions. Besides, we must perforce pay particular attention to the parties that have joined with the DC to guarantee a democratic balance throughout the country."

[Box, p 13]

Power and Health



Look at how things have changed in the last 5 years in the power ration between the two major political parties in the coalition government! The DC has dropped from 54 to 44 percent control over the top executive positions in the health establishment (president and vice-president). The PSI, on the contrary, has moved up to control 25 percent of the plum positions, against the 20 percent it had to make do with during the lean years.

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PAPER COMMENTS ON LATEST POLL MEASURING SUPPORT FOR NATO

Oslo AFTENPOSTEN in Norwegian 18 Mar 86 p 2

[Editorial: "New Challenge from the Left"]

[Text] After the Labor Party's left wing has formally given up its fight against NATO membership the support of the population for our connection to the Alliance has increased even more. A new opinion poll of the organization People and Defense shows that two out of three Norwegians realize that NATO safeguards Norway's security, while only six percent believe that the Western defense alliance increases the danger of war. Set against the country's short foreign policy history this shows that we have come quite far towards acknowledging greater international responsibility and obligation.

An extremely interesting feature in the opinion poll is the development among the Socialist Left Party voters. While 15 percent answered in 1982 that NATO safeguards Norway and half of them that it increases the danger, the picture has gradually shifted so that in November of last year 39 percent had a positive opinion of the alliance, while only one out of four of the Socialist Leftists views our NATO membership with fear.

Thus one should believe that decades of anti-NATO campaigns which originally were a basic element in our political everyday life are about to be finally abandoned. We believe that this is largely connected with the fact that the Soviet Union's massive build-up of forces in the North has made steadily more people realize that geographically Norway is located in one of the most important points of intersection on the globe and that we cannot resign from this reality. On the contrary, we must choose sides and continue to concentrate on the collective security.

Even the radical Leftists begin to understand this now, and the leadership of the Socialist Left Party has gotten something to chew on. Neutralisms chaste rejection of reality could in the long run not measure up against the geography which according to Josef Stalin is no subject for negotiation. The time for the square "Norway out of NATO" is gone. What will take its place?

We believe that the future debate with the left wing will take place within the framework of the alliance, and that the cue will be Einer Forde's well-known "close combat in NATO". We shall no longer march out, we will only oppose the solidarity in practical politics, and preferably promote proposals which are a breach of the joint appearance. An example of the latter is the idea of a nuclear-free zone in the North specified in a treaty, something which is characterized as "insane" by a serious researcher here at home.

Therefore the neutralistic thinking will continue to overwinter here at home like that. It will only take on a more subtle form. Public opinion will gradually have to reach a decision to what extent suggested concrete proposals are in agreement with the alliance policy which the large majority supports in principle. The objective of the foreign policy opposition will be to be able to influence the government policy the same way a majority in the Danish parliament has forced Denmark into the role of a footnote nation at important crossroads.

Therefore, for responsible Norwegian politicians and our voluntary defense organizations the task is at least just as important as when one was faced with the rougher NATO-opposition. The challenge remains to retain the understanding that Norway cannot afford not to act in solidarity. Inside.

12831

CSO: 3639/91

CLOSER TIES WITH EUROPE NO ALTERNATIVE TO U.S. RELATIONSHIP

Oslo AFTENPOSTEN in Norwegian 20 Mar 86 p 2

[Editorial: "No Alternative"]

[Text] The cooperation with the United States within NATO is--and will remain--a cornerstone of Norwegian security policy. Only with a secure contact and support across the ocean to Northern America can our joint defense become credible, as the previous leader of Parliament and chairman of the defense committee Per Hysing-Dahl stated it in an article in AFTENPOSTEN yesterday. Militarily we are with our back against the sea without depth on our continent, and with an enormous deployment area for a potential attacker.

It is a dangerous misunderstanding to believe that a closer European unity can constitute an alternative to our defense alliance with the United States. The increasing community which is developing in Western Europe can without doubt strengthen our security since NATO will thus get a solid European pillar to stand together with the North American one. But Hysing-Dahl places our joint security in the right context when he also reminds us that in reality it is the United States that will continue to be the guarantor of the peace-preserving effect of the defense alliance and for the opportunities to achieve genuine results in disarmament and relaxation of tensions negotiations. These are two sides of the same issue.

When individuals present the closer cooperation in Europe as a means of "liberation" from the alliance bond which is tied over the Atlantic Ocean, they weaken the credibility and negotiating ability of the alliance. European cooperation is no alternative to NATO. But it is equally clear that in the years to come Europe must be prepared to carry a larger part of the costs for the defense of this continent. We owe it the United States which has great commitments in other places of the world as well to pay more attention to taking care of our own interests with regard to security policy.

In agreement with Hysing-Dahl we welcome the stronger European self-assuredness and desire for cooperation. The European countries represent values which we can preserve and develop precisely when working together. For Norway it is of the greatest importance to develop further our good relationships with the European allies. But with our exposed position on the Northern flank it is first and foremost of greatest importance to preserve and indeed strengthen the bonds across the Atlantic Ocean--to the United States.

But the confusion which seems to follow in the wake of the emerging debate on our relationship with Europe we find it necessary to emphasize this basic precondition that we continue to be sure that we will be able to live in peace--with freedom. And neither for Norway nor for Europe can there be talk of an either/or situation. For us it must be both Europe and--in particular--the United States.

REPORTER, PARTY LEADERS DEBATE CONSERVATIVES' PROBLEMS

Oslo AFTENPOSTEN in Norwegian 19 Mar 86 p 4

[Article by Odd Inge Skjævesland: "Anonymous Forming of the Conservatives' Profile"]

[Text] A new confrontation between the Conservatives and AFTENPOSTEN last night. "The Conservatives' political profile is formed largely by faceless party secretaries in subordinate, but influential positions in the government offices," said AFTENPOSTEN deputy editor Lars Hellberg in a duel with the Conservatives' deputy chairman Kaci Kullmann Five and KAPITAL editor Trygve Hegnar.

Hellberg showed that in the opinion poll in January the Conservatives received the same score, 30.4 percent, as during the parliamentary elections last fall. This, the deputy editor feels, was "good compensation for twiddling one's thumbs in the government building." He was presented by deputy chairman Trond R. Hole of the Oslo Young Conservatives as "the driving force in the witch hunt against the Conservatives in AFTENPOSTEN."

The relationship with the two other government parties was the center of the debate. "Many sneer at the compromises, but they are the main pillar in a democracy," said Kaci Kullmann Five. She brought forward the Town and Country Planning Act as an example where she feels it is necessary to give up some of the Conservatives' own opinions.

"It could have been tempting for the Conservatives to vote together with Carl I. Hagen, but then there would have been no compromise generally speaking.

Now we got the center parties to move somewhat in the right direction," the Conservatives' deputy chairman pointed out.

"You must be more cynical," Trygve Hegnar answered. He recommended a hard-driving attitude, among others, in tax policy and agricultural policy. "Press hard for having fewer farmers. Don't worry that several thousand of them should lose their job and feel the Conservatives are a terrible party. You are sniffing around this but do not dare to take the real step," said Hegnar who made this comment when Hellberg emphasized that AFTENPOSTEN is not a mouthpiece for the Conservatives: "What nonsense!"

"Recruiting among the Conservatives appears haphazard," the editor of KAPITAL pointed out. He did not believe that the largest government party has been good at looking after its politicians. Kaci Kullmann Five largely blamed the press for the fact that people got the impression that the Conservatives had difficulties in finding someone who should succeed Erling Norvik as chairman.

PERSPECTIVES ON RELATIONS WITH LIBYA NOTED

Cooperation with Libya Urged

Lisbon TEMPO in Portuguese 28 March 86 p 40

[Article by Cartaxo Trindade: "An Opinion on Libya"; text of speech by Cartaxo e Trindade during the conference held in Lisbon on 7 March 1986 regarding relations between Portugal and Libya]

[Excerpts] The United States says that it is the victim of attacks by Libya (in the Mediterranean) and it attacks the Libyans. The Libyans say that they are being attacked by the United States and they attack the United States (in the Mediterranean). Where does that leave us, the Portuguese, in this dirty game?

We must urgently rethink the development of political and cooperation relations between Portugal and the People's and Socialist Libya Arab Jamahiriya, putting aside misunderstandings and intrigues launched in certain Portuguese circles. To revive Portuguese-Libyan relations, the Portuguese government must listen to the Libyan leaders and must launch dynamic cooperation which the two parties certainly want to carry out.

Libya decided to open its embassy in Portugal in 1975, after the leaders of what then was the Libyan Arab Socialist Union Party had visited Portugal many times and had even attended meetings of the Portuguese Socialist Party as invited guests. Between 1974 and 1976, moreover, there were frequent visits by outstanding Portuguese socialist leaders to Tripoli. As a result of the dynamism of Portuguese government leaders, members of the Socialist Party, in particular, the then Secretary of State for Foreign Affairs and, later on, Minister Medeiros Ferreira, it became possible for the two countries to sign an economic and technical cooperation accord in 1976; Portugal, for the first time, participated in the International Tripoli Fair.

After 1977, the situation of relations between the Libyan Jamahiriya and Portugal were marked above all by individual contacts or contacts by political and economic groups. Various Portuguese left-wing political leaders began to visit Libya from that time on, as did businessmen and members of the Islamic community in Lisbon. The Socialist Party had missed the bus.

Following the doctrine and thinking contained in Qadhdhafi's "green book," the People's and Socialist Libyan Arab Jamahiryia selected a new political option which, as regards Portugal, was characterized by contacts with diversified groups, as well as with labor union, cultural, and religious associations and organizations, practically pushing the parties aside. That was one way to go.

The Ilidio Monteiro construction company has always had business dealings with Libya, even before and after the switch from the republic to the Jamahiryia. But Argibay also built ships for Libya and Lisnave [Lisbon Shipbuilding] is now getting Libyan ships regularly for repair. Besides, the work done by Ilidio Monteiro has really been important and his personal contribution to the strengthening of Portuguese-Libyan relations and cooperation has been very positive.

Starting in August 1985, the Libyan leaders made a significant and interesting change in their relations with Portugal as they sent a high-ranking official to head their mission to Lisbon.

Nuri Mohamed Betelmal is a very dynamic person, he always has several irons in the fire as he seeks to improve relations between the Libyan Jamahiryia and Portugal. This is why conferences and contacts at various levels in Portugal have been increased greatly. One might well say that this is a symptom of the improvement of relations and the opening of Portugal toward Libya, at a time when there are still statements and insinuations from certain political and newspaper circles against that Arab country.

Over the past several months, relations between Portugal and Libya have been marked by calm and by the gradual development of cooperation. Now it is important to provide dynamic impetus for the economic and technical cooperation accord signed in 1976. It is furthermore important to make sure that the Jamahiryia will provide an opportunity for a visit by Portuguese newsmen of various ideological persuasions in an effort to tell the whole truth about Libya and not just parts of it which we sometimes get from the news agencies. During a subsequent phase, it would be important for Portugal to think again about the possibility of opening its embassy in Libya, a country of 3 million inhabitants, where about 5,000 Portuguese live presently.

Interview with Libyan Ambassador

Lisbon TAL & QUAL in Portuguese 4 Apr 86 p 6

[Interview with Libyan Ambassador Dr Nuri Mohamed by Carlos Vargas: "We Are Not at War with Portugal"]

[Excerpts] The Portuguese are generally people who are quite conscious of geography and they know, at least from the tourist posters, that Spain is next-door.

But the neighboring country has never been as close to Portugal as it was several days ago when Muammar Qadhdhafi summoned the Italian and Spanish ambassadors in Tripoli and informed them that, if the United States were to

attack Libya, that country would respond, in particular, by attacking military bases located in Italy and Spain.

Now, this is not something to be trifled with because, in addition to the fact that there are Spanish bases just a few kilometers from Portuguese territory, the distances are even shorter when it comes to the use of missiles.

But that is not all. It so happens that Portugal has at least one base--the Lajes base--which, in the NATO context, can be used by the United States, and that would make it into a prime target in case of a crisis.

Dr Nuri Mohamed Betelmal, the Libyan ambassador in Lisbon, told TAL & QUAL the day before yesterday that, formally, the conflict between Libya and the United States "concerns only those two countries." However, he emphasized, "if we were to be attacked, we would have to defend ourselves by all means."

The Libyan diplomat refused to explain whether those means could include direct retaliatory actions against Portugal, in case of a United States attack on Libya, similar to the measures already announced by Qadhdhafi with relation to Spain and Italy. "We have long-standing diplomatic and cultural relations with Portugal and we get the feeling that none of the Portuguese resources would be used against Libya. We have to believe in that," added Dr Mohamed Betelmal. However, he did not fail to let us know that he "hopes that the Portuguese government will be able to clarify its position better." "We do not want to disregard the facts but since we do not have the same weapons as the Americans have, we must defend ourselves," the Libyan diplomat emphasized.

As TAL & QUAL learned, the Cavaco Silva administration is studying an invitation by Libya to send an official Portuguese delegation to Tripoli in order to launch a process of cooperation which, as the ambassador sees it, "does not satisfy the two sides." "There have been difficulties on occasions. For example, some time ago we invited a group of 25 Portuguese students to visit Libya and there were some people who said that we were trying to recruit mercenaries."

Ambassador Betelmal smiled as he took his leave with a statement of hope: "I hope to see Qadhdhafi in Portugal some day" and a statement of certainty: "We are not at war with the Portuguese."

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CSO: 3542/83

POLITICAL AGITATION WITHIN UGT REPORTED

Toward Cooperation with CGTP

Lisbon O DIABO in Portuguese 25 Mar 86 p 5

[Article by Luis Aparece: "Socialist Party Creates 'Transmission Belt' in Labor Unions"]

[Text] There has been something new since last weekend in the UGT (General Union of Workers), the democratic labor union: A "transmission belt of the Socialist Party." This was approved during a meeting of socialist workers chaired by Torres Couto who (among other things) is UGT secretary-general and a socialist deputy in the Assembly of the Republic, in the presence of Antonio Gutierrez who, along with Vitor Constancio, is predestined to leadership of the party on Emenda Street.

The surprising aspect of this resolution--if it can be called surprising--resides in a particular circumstance: the UGT was established as part of the struggle against Union Federation, which was accused of being the "transmission belt of the Communist Party." More than just being under the control of the Communist Party, it was then charged that the labor unions were "transmission belts" plain and simple, thus refuting the Leninist theory.

"All in vain, everything in flux," said Torres Couto as he rose to defend Leninism in support of his party. In the final analysis, the thing that distinguishes socialists from communists was a simple thing: the communists wanted the labor unions to serve the Communist Party, while the socialists want them to serve the Socialist Party.

From here on in, of course.

At the very moment when this identification was concocted, the UGT (or, rather, the group of Torres Couto) promoted a debate in the presence of some of the "talking animals" whom Cardia mentioned, to explain to the members that the UGT must adopt a position against the administration and the major consequences deriving from the election of the president of the republic, by chance, Mario Soares, the former secretary-general of the Socialist Party.

All of this is likewise clear. If there had been any doubts as to the criticisms that were being levelled against the socialist-controlled labor union, this position statement meant that black was white. The truth is that the meeting that gave rise to the Socialist Labor Union tendency ended in failure: a significant part of the group whom Torres Couto headed in the National Secretariat of the union refused to fall in line. Left out were unions that were important to the life of the UGT, such as SITESE (Lisbon offices) and the SIMA (metallurgical). These are unions whose leaders are indispensable to the socialists. The SIMA is only the union which the communists consider to be a "parallel" union with the largest number of members (12,000 dues-paying members). The SITESE is a key component of the entire socialist movement as a party (its leader Antonio Janeiro is an outstanding figure in the MASP).

The establishment of the Socialist Labor Union tendency, as a "transmission belt for the Socialist Party" (these are the terms in which the measure was announced to the mass media), springs up in the form of another point of disagreement within the UGT and among the socialists. The fact is that, looking strictly at statistics (on the basis of documents in our hands), the democratic unions currently represent about 280,000 (dues-paying) workers. Among these, 104,000 are in social-democratic-controlled unions (33 unions), while 30,000 are in independent unions not affiliated with the UGT. SITESE and SIMA represent something like 40,000 members (32,000 in SITESE and the rest in SIMA).

Keeping in mind that the other 21 socialist-controlled unions have strong social-democratic (and also Christian-democratic and communist) tendencies, one can readily see that Torres Couto's game is not a matter of political "marketing" which cannot amount to anything more than an attempt to draw the UGT into becoming a "fellow traveller" of Union Federation, as part of the "frontism" which Cunhal and Alegre are building up. In real terms, it represents very little.

UGT Leader Blamed

Lisbon EXPRESSO in Portuguese 28 Mar 86 p 5

[Text] A position of total "lack of confidence and censure" concerning the activity of the UGT National Secretariat, headed by Torres Couto, has just been approved by the National Directorate of the STE (Technical Government Employee Union).

In a letter sent to the UGT secretary-general, the STE accuses the union's leadership of "very grave and compromising proceedings." Among other issues, the National Secretariat is accused of using the facilities of the UGT for a press conference in support of the candidacy of Mario Soares.

The STE also accuses the UGT of being an investment and partnership management company, a labor union research, training, and cooperation institute, and even a Portuguese vacation and travel agency without letting the union members know about that.

The letter also states that this union has used international financial support to promote unions created "administratively" and that it has a number of "fictitious partners."

The conflict now triggered by one of the unions that founded the UGT is part of the war launched by the social-democratic unionists against the control of the socialists and the support which they gave to the candidacy of Mario Soares for the office of president of the republic. The position adopted by the STE may well be copied by other unions connected with the PSD [Social Democratic Party].

The letter from the STE directorate also expresses the opinion that there are "indications" that the undertaking of the UGT is "compromised," which could indicate the existence, on the part of the social-democratic unionists, of threats against the unity currently prevailing within this labor union. The latter, as a matter of fact, are accusing the UGT secretary-general of exploiting the union to "undermine" some of the affiliated unions and creating others, "a procedure which is obviously not harmless."

Trade Unions' Role Seen Perverted

Lisbon O DIABO in Portuguese 25 Mar 86 p 20

[Text] The UGT "is getting rich": now it already has a socialist "tendency." It even seems that it did not have this sort of thing before.

Increasingly politicized, the unions and their headquarters today are directed by "workers" in name only and they do nothing but make politics. Politics in the service of the parties and their bosses. Politics in the service of the international federations. Politics in the service of strategies and interests which are concerned with those who work and who live on their work only secondarily. Another perversion and another lie which nobody wants to expose.

5058

CSO: 3542/82

CARLSSON'S LESS CONFRONTATIONAL STYLE WORRIES OPPOSITION

Stockholm DAGENS NYHETER in Swedish 23 Mar 86 p 12

[Commentary by Sven Svensson: "Fight for Middle Voters Intensifies"; first paragraph is DAGENS NYHETER introduction]

[Text] From the "outstretched hand" to the "open door"--a change has taken place in Swedish politics. But while the tone is less strident now, the fight for marginal voters in the middle of the political spectrum has been stepped up.

The political debate has become less strident and more conciliatory, but at the same time the fight for marginal voters in the political center has intensified between the new Social Democratic Prime Minister Ingvar Carlsson and the new Liberal Party leader, Bengt Westerberg. That is the paradoxical consequence of the murder of Olof Palme and the transition to the open door policy.

The Conservatives and their leader, Ulf Adelsohn, now face a test of their manhood. The lack of election success in the fall, with the Social Democratic steamroller flattening the Conservative Party's proposal for economy, led to a moral and political hangover among party leaders as well as among active party members. Declining ratings in the polls since then have added to their nervousness.

The murder of Olof Palme also deprived the Conservatives of their principal sparring partner. Olof Palme was used by the Conservatives to whip up the emotions of the nonsocialist rank and file. Ingvar Carlsson cannot be presented as a class traitor or national traitor in the same way as Olof Palme.

Therefore in the new situation that has arisen in the political arena the Conservatives will be forced to abandon their strong fixation on the leader of the Social Democratic Party and concentrate on more mundane political issues instead.

Westerberg in Good Position

Singleminded attacks on the new Social Democratic Party leader would increase the risk of being linked with the extreme right wing, which is dangerous in

the aftermath of Olof Palme's murder. That would increase the prospects of rising Liberal leader Bengt Westerberg of winning new Conservative votes in the next election. Westerberg finds himself in a favorable position. His remarks about Olof Palme have received the wholehearted support of Palme's successor, Ingvar Carlsson.

In the 3 weeks that have gone by since the fatal shot was fired on Sveavagen, Ingvar Carlsson has radiated energy and competence. There is absolutely no doubt that Ingvar Carlsson will be a tough political opponent for the non-socialist opposition and a competent prime minister. He has had an effective training for the job as prime minister as well as in the leadership of the Social Democratic Party apparatus.

Under Ingvar Carlsson the Social Democratic policy remains in place, even though the government statement said that the government would try to unite firmness and consistency in its work with an open mind and receptiveness.

For 28 years he worked closely with Olof Palme and since 1982 he has been in charge of most of what happened in the area of domestic policy. Like Olof Palme, Ingvar Carlsson's overriding goal will be to hold together the wide-ranging Social Democratic movement. There will be few opportunities to make major deviations from the course that has been set.

Carlsson's Luck

Ingvar Carlsson had great luck when he became the leader of the Social Democratic Party under dramatic circumstances. Falling interest rates, falling rates for the dollar and falling oil prices improve the chances for higher real wages and a successful conclusion to an otherwise hopeless contract negotiation process.

The Dala rebellion and other Social Democratic protest actions have also subsided during the 3 weeks that have elapsed since the murder, but the latent criticism undoubtedly still remains.

Success for a Social Democratic Party leader and prime minister is measured not in government resolutions but in election results. Every 3 years Olof Palme succeeded in putting the Social Democratic election machinery in high gear by whipping up the enthusiasm of party sympathizers and presenting a scary picture of the disasters that would befall workers if the nonsocialist opposition assumed government responsibility. Palme was effective on the speaker's platform and dictated the forms the political debate assumed.

With Ingvar Carlsson as head of the Social Democratic Party, politics should have calmer and more objective, but perhaps also more boring overtones. Heated class struggle slogans would cause the peaceful signals sent out by Ingvar Carlsson to lose their credibility.

The future will show if the open door policy and a decrease in verbal polarization on the part of both the Social Democrats and the Conservatives will

give the Social Democrats a greater chance of winning over marginal voters in the political center.

At any rate Social Democratic strategy under Tage Erlander and Olof Palme was based on the assumption that sharp polemics and attacks on the opposition were needed in the campaign to get sluggish Social Democrats out of their armchairs. The specter of conservatism has long been the Social Democrats' most reliable campaign tactic.

Spearhead

In the new political situation that has arisen after Olof Palme's death, Liberal Party leader Bengt Westerberg is continuing his purposeful long-range effort to consolidate and improve on the 1985 election figures. Bengt Westerberg is gaining increased prominence as the nonsocialist spearhead who will bring about a government change in the 1988 election, even though the poll figures are probably somewhat exaggerated.

The ideological profile is becoming steadily sharper in line with the strategy that was adopted immediately after the election. The Liberal Party is establishing its policy on specific issues as early as possible and ahead of any other party in order to avoid charges that it is following in the footsteps of the Social Democrats.

The Liberal Party's ideological line is based more specifically than in the past on a general market economy and social policy aimed at avoiding distortions in competitiveness, income tests and marginal effects. At the same time Westerberg's talk this week of the "command state" disturbed many Social Democrats.

The Liberal line stands in sharp contrast to Social Democratic policy which often favors special measures in the market economy and social policy areas. The Liberal Party leader believes that the ideological differences and the disagreements over certain political issues will remain even after Olof Palme's death.

Bengt Westerberg owed a lot of his success in the election to his objectivity and credibility, but it was against the background of the slugging match between Olof Palme and Ulf Adelsohn that these qualities were given added prominence.

Now the political situation has changed. Olof Palme is gone. Ulf Adelsohn has slipped in the opinion polls and there is great uncertainty about the policy and leadership of the Center Party. Karin Soder is trying to decide whether to become the head of the party and Olof Palme's death has not made the choice any easier for her. For the foreseeable future Ingvar Carlsson and Bengt Westerberg appear to stand out as the major political opponents.

There will certainly be less fire and drama on the speaker's platform in the future than there was when Olof Palme stormed across the scene.

Ingvar Carlsson and Bengt Westerberg must try to preserve their reputations as objective and informed politicians who combine firmness and consistency with a certain amount of political cooperativeness and personal respect for the opinions of others.

The one who starts a fight will use up a lot of his credibility with the voters.

Normally a calmer and more relaxed debate tone would benefit Bengt Westerberg more than Ingvar Carlsson. Respect for the opinions of others is a genuine liberal virtue while a raised tone of voice and scare tactics have long been traditional elements of Social Democratic campaigns.

LO-TCO

Other factors besides setting the tone of the debate will probably weigh more heavily in political developments for the rest of the 1980's. How much freedom of action the Federation of Trade Unions [LO] gives the Social Democratic Party leadership under Ingvar Carlsson and what role the Central Organization of Salaried Employees [TCO] is allowed to play in the future will probably be of greater importance.

The opinion polls suggest that the Liberal Party is making rapid gains among voters affiliated with TCO following a period of Conservative dominance. The struggle between the two big labor organizations could greatly influence the outcome of the political power struggle.

The LO demand for a low-income profile, the continued rejection of state income tax indexing and the fear of increased competition in the public sector will probably increase Bengt Westerberg's chances with marginal voters. Many of these marginal voters are TCO members and not as loyal to the Social Democratic Party as the industrial workers who dominate LO.

6578

CSO: 3650/179

NORWEGIAN DEFENSE ANALYST VIEWS USSR NORDIC OBJECTIVES

Stockholm SVENSKA DAGBLADET in Swedish 27 Mar 86 p 3

[Review by Kristian Gerner, Ph.D. and professor of history at the University of Lund, of two books: "Sovjetunionens utenrikspolitik. Geografi eller ideologi" [Foreign Policy of the Soviet Union. Geography or Ideology] and "Sovjetunionen og Norden. Konfrontasjon eller naboskap" [The Soviet Union and the Nordic Countries. Confrontation or Neighbors] by Jahn Otto Johannsen, Universitetsforlaget and Cappelen publishers respectively; first paragraph is SVENSKA DAGBLADET introduction]

[Text] The Norwegian writer Jahn Otto Johannsen belongs to the realistic school in his view on Soviet foreign policy. In a couple of recently published books he analyzes the strategy of the Soviet Union in relation to the Nordic countries. The uncertain cards are primarily Sweden and Denmark.

Norwegian journalist Jahn Otto Johannsen is a nimble-fingered and especially productive author of books about the Soviet Union and East Europe. Two of his latest works which are of current interest, "Sovjetunionens utenrikspolitik. Geografi eller ideologi" [Foreign Policy of the Soviet Union. Geography or Ideology] (Universitetsforlag) and "Sovjetunionen og Norden. Konfrontasjon eller naboskap" [The Soviet Union and the Nordic Countries. Confrontation or Neighbors] (Cappelen), deal partly with Soviet foreign policy in general, and partly with that country's policy toward the Nordic countries. The latter book is of special interest as an equivalent partly to Russian Lev Voronkov's text "Non-nuclear Status to Northern Europe" (1984), partly to the Swedish diplomat Orjan Pernar's book "Sovjet och Norden" [The Soviet Union and the Nordic Countries] (1985).

In his view of the total Soviet foreign policy, Johannsen belongs to the realistic school. He believes that it is geographically conditioned, traditional Russian security needs which dictate Soviet policy. Neither is this policy homogeneous, claims Johannsen, but multidimensional.

In his book about the entire Soviet foreign policy, Johannsen builds mainly on western sovietology, and the book therefore gets the character of a compendium. The most interesting part of the book makes a comparison between Nixon's and Carter's policy toward the Soviet Union, since the reasoning discloses Johannsen's own view of what is central in Soviet foreign policy:

the feeling of inferiority, of less worth. He cited a statement from 1981 by the well-known Georgiy Arbatov in which he expressed indignation that many Americans speak patronizingly about Russians and deal with the Soviet state as "the bastards of history." Neither Carter (nor Reagan, during his first presidency) realized according to Johannsen the importance of such Russian feelings. On the other hand Nixon and Kissinger did, and Johannsen sees the relaxation of tensions during the early 1970's as a result of the Nixon regime's acceptance of the Soviet Union as a legitimate superpower comparable to the United States. This policy was also based on the demonstration that the Soviet Union was a fully committed state in a foreign policy sense, a status quo state.

Of course Johannsen maintains that he looks with loathing on the Soviet Union's war in Afghanistan, but his reasoning about geographically based security requirements and traditional Russian caution implies that it really was Carter's fault that the Soviet leaders decided on an invasion. Certainly we know nothing about the decision-making process itself immediately before the invasion, says Johannsen, but it is a fact that Carter did not clearly signal the United States position on the crisis in Afghanistan.

Johannsen refers to a conversation with the Soviet vice foreign minister Igor Zemskov, in which he complained about Carter's incalculability. The logic appears to be that if Carter was so unhappy with the Soviet action as his wheat export embargo and his Olympic Games boycott after the invasion indicated, he should have made his position clear to the Russians beforehand. The catch in the reasoning is that it assumes that Carter was expecting a Soviet invasion of Afghanistan. But probably Carter did not send any "clear signal" simply because he did not know that it was time to do so.

This example shows a certain tilt in Johannsen's analysis, an unconsciously apologetic line which he certainly is not alone in using, which indeed he shares with many more superficial debaters in this country. It is a tendency to explain and thereby defend Soviet aggression against other states as a result of an omission or failure by the Soviet Union's main opponents. It is noteworthy that one seldom sees the opposite reasoning applied to the United States. Johannsen and many with him appear to believe that it is the job of the United States to keep track of the Soviet Union. But if one views the issue in that way, one immediately recognizes the Soviet Union as the power-political equal of the United States. One denies the Soviet Union the responsible superpower status which its leaders so hotly desire and even guarantee that they have reached.

As to the Soviet Union and the Nordic countries, although he appears to believe that the Soviet leaders are cautious actors in the international arena, his geographical and traditional perspectives lead to grimmer conclusions than those found, for example, in the works of Orjan Berner. Johannsen says that the Nordic countries in their entirety are located in the Soviet Union's vicinity and for that reason are important for traditional Russian security reasons. Furthermore the development of the bases on the Kola Peninsula and the arming of the Soviet Fleet, together with the American countermeasures, has made the Scandinavian Peninsula a central front in the global standoff between the Soviet Union and the United States. On these

changes most who write on this subject are in agreement, but Johannsen draws more troublesome conclusions than certain others.

Supported by the analysis of Soviet actions, primarily submarine violations, and statements by professional and thereby semiofficial Soviet commentators such as Voronkov, Bovin and Pavlov, Johannsen claims that the Soviet Union is striving for military/strategic control over the Nordic countries. Therefore the Soviet leaders seek a development which will weaken every individual Nordic country militarily, split them domestically and distance them from the United States, and they are actively working to realize these long range goals.

Johannsen devotes a special chapter to each of the five Nordic countries. Iceland falls somewhat out of the framework because Johannsen shows that the Russians accept that Iceland belongs to the United States' Atlantic vicinity more so than to the direct interests of the Soviet Union. Concerning the other four, he describes their relations with the Soviet Union as a tug of war in which the goal of the conflict is partly the international political status of the Nordic countries, and partly the right of the Soviet Union to observation and control over them.

As to Finland, Johannsen emphasizes correctly that "Finlandization" is not the result of Finnish concessions, but on the contrary it is an optimal solution for Finland and the Nordic countries. The western countries were not prepared to go to war for Finland's freedom after 1945, so the Finns had to resort to their own resources, their own political and diplomatic skill. Johannsen points out that for Finland it is an important foreign policy goal to have its neutrality recognized. The VSB Pact is certainly the basis for good relations with the Soviet neighbors, but the pact is not a declaration of neutrality. Kekkonen's foreign policy, with its emphasis on a Nordic nuclear weapon-free zone, is accordingly seen by Johannsen not as an accommodation to the Soviet Union, but as an expression of the struggle to make Finland an independent neutral political actor between the two blocs.

The policy of the Soviet Union toward Sweden is described by Johannsen as "brutal." He alludes to the submarine violations, and says that their aim is to get Sweden to realize the actual requirements of Soviet security interests in the Baltic. Johannsen also takes Lev Voronkov's Soviet criticism of Sweden's too "passive" neutrality seriously. He believes that the Swedish state leadership also does, despite assurances to the contrary. "When Prime Minister Palme made light of Voronkov's judgment, calling it private and not representative of the Soviet leadership, this was an expression of tactical cynicism. Palme knew better."

Voronkov criticizes Swedish neutrality policy for the effort to maintain the same distance to both superpowers. According to Voronkov it is the same thing as trying to remain neutral on the question of war (United States' goal) and peace (Soviet Union's goal), which by no means corresponds to Sweden's national interests. Voronkov, said Johannsen, also states that a strong Swedish defense does not favor a neutrality pleasing to the Soviet Union, but instead it is merely support for NATO.

Johannsen is careful to state that even though Palme often received praise in the Kremlin for his international political actions, the cynicism there is no less than Johannsen claims to have encountered in Rosenbad. The Soviet leaders knew that he was anticommunist. It was just instead of the nonsocialist opposition that those in Moscow preferred Palme, and also because he was a source of irritation for the Americans, said Johannsen. The tragic outcome of this development has brought this conclusion to Johannsen's judgment of Olof Palme's foreign policy role.

Johannsen sees Denmark as the country on which the Soviet leaders fasten their greatest hopes. A number of Soviet Scandinavian experts have spoken about the great possibilities which exist here for a policy more friendly to the Soviet Union. That involves supporting the "peace-loving" and "progressive," meaning the anti-NATO and anti-EC parts of Danish social democracy and neutralizing the "rightwing Social Democrats." Supported by his own observations as well as by actual western research, Johannsen claims that the actual goal of the Soviet Union is a neutral and militarily weak Denmark. According to Johannsen, Soviet hopes appear to be higher now than at any time during the past 10-15 years. There has been no slump in Soviet political activity in the form of sending out "peace delegations," and the distribution of propaganda material has recently been more extensive in Denmark than corresponding activity aimed at Norway.

As for Norway, Johannsen also sees here that the main Soviet goal is neutralization, but the hopes are not as great as in Denmark. The implications of the Treholt affair have forced Norwegian social democracy to be cautious in taking security policy positions. And when the Labor Party's vice chairman, Einar Forde, on the occasion of Andropov's death--one month after the Treholt disclosure--said that the deceased would not be missed it was hardly something intended to strengthen Soviet hopes for Norwegian social democracy.

So that is Johannsen's analysis of relations between the Soviet Union and the Nordic countries. Norway is the country which, beside Finland, is best succeeding in maintaining stable and respectful relations with the communist superpower. Norway stands as NATO's outpost in the north and Finland continues its tested line. Sweden and Denmark are the uncertain cards, or to put it another way, the two countries to which they can tie their special hopes in Moscow.

9287

CSO:3650/176

AUSTRIAN AUTHORITY REVIEWS NATO GROUND DEFENSE ALTERNATIVES

Bonn DAS PARLAMENT [AUS POLITIK UND ZEITGESCHICHTE supplement] in German
29 Mar 86 pp 26-38

[Article by Heinz Magenheimer: "The NATO Sector Central Europe and the Problem of "Non-threatening Defense"]

[Text] Heinz Magenheimer, Ph D, born 1943; studied history and art history at Vienna University; since 1972 member of the Institute for Strategic Basic Research at the National Defense Academy, Vienna; since 1977 editorial staff member of OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT.

Among his publications: The Defensive Battle at the Vistula, 1945, Frieberg i. Br. 1976; The Defense of Western Europe: Doctrine, Forces, Deployment Planning; Koblenz 1986; many articles on armed forces, deployment doctrine, security policy and history of war.

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[Abstract]

Present NATO defense planning in the Central Europe Sector has in recent years been subject to considerable criticism, centering on the dependence upon resorting to the use of nuclear weapons and the effectiveness of "forward defense." While the advocates of current defense doctrine recommend improvements toward strengthening defense close to the border with gradual renunciation of tactical nuclear weapons, the advocates of "non-threatening defense" concentrate on two essential points: total "conventionalization" of defensive combat as well as re-equipping the Bundeswehr with defensive weapon systems and formations. This is designed also to provide a security policy stimulus toward the creation of trust vis-a-vis the Warsaw Pact.

Study of actual practice situation demonstrates however that in a tactical-operational sense various "models" are available which provide for attrition of motorized infantry in the forward area as well as for various types of counterstrike forces. On the one hand, numerous questions regarding the effectiveness of the delaying action of the motorized infantry facing enemy attack remain unresolved; on the other hand, the central problem must be addressed, on how enemy breakthrough can be prevented, i.e., how significant losses of territory can be recouped.

In the overall picture, all these concepts must be scrutinized to determine whether they increase present-day deterrence and whether they do not provide a stimulus for proportional offensive planning by the potential adversary. All other "models," which are primarily based upon the enormously increased impact of future defensive weapons, must take into consideration the great difficulties involved in procurement and re-equipment. Finally, it remains to be seen how other NATO states will react to the proposed conversion.

NATO's Central Europe Sector and the Question of "Non-threatening Defense"

Introduction

The debate on NATO counterarming had barely calmed down when almost without pause additional points of contention in the security policy debate surfaced, which once again questioned current NATO strategic doctrine and which created the concept of "non-threatening defense." The difficulty in gathering the facts consists primarily on the one hand of studying criticism of the NATO strategic doctrine as to the existence of specific counterproposals, and on the other hand to allocate these frequently diffuse proposals to the appropriate command level--tactics, operations, military strategy. Many misunderstandings resulted specifically from the inability to differentiate between these command levels and from the belief that tactical innovations could cause changes at the strategic level also.

In addition, it becomes clear that some of the "alternative" proposals remain strictly within the framework of a refinement of the existing NATO concept and cannot therefore be considered controversial. Finally, the question presents itself on whether "alternative defense" really represents one single school of thought (Footnote 1) (Herman Scheer, *Fighting a School of Thought with Mottoes*, in: *EUROPAEISCHE WEHRKUNDE* (1986) I, p 5.) or whether it constitutes instead a generic term for several schools of thought.

I. Present Defense Planning by NATO in Central Europe

The basically still valid strategic doctrine of "flexible response" of 15 January 1968 has been variously supplemented and refined during the last few years; however the principle of "forward defense" has been essentially maintained in force. The advocates as well as the adversaries of the present-day NATO deployment doctrine make the "forward defense" principle the centerpiece of their deliberations. This results mainly from the fact that practically all those involved in the discussion within NATO agree that a potential war between NATO and the Warsaw Pact in Central Europe should be fought with conventional weapons as far as possible and that "escalation aforethought" should either be renounced entirely or be considered a means of last resort.

If "escalation aforethought" is thought to mean "to stop an aggression through the threat or use of politically controlled increases of military weapons," (Footnote 2) (Ortwin Buchbinder/Hartmut Buehl/Heinrich Quaden, Dictionary of Security Policy, Herford 1985, p 92) many lines of thought fear that the mere threat of the use of nuclear weapons could lead to unimaginable consequences. Also, the feasibility of political control is subject to grave doubts. In explanation it has been stated that the Soviet side, even though it would see advantages for itself in the longest possible duration of a conventional combat phase, would make a transition to nuclear preemption if the use of nuclear weapons by NATO were considered imminent. (Footnote 3) (Stephen M. Meyer, Soviet Theater Nuclear Forces, Part I, (Adelphi Paper No 187), London 1984, p 27) From that standpoint, the threat of using nuclear weapons on the part of NATO would appear most problematic. The dependence upon an early resort to nuclear weapons and overcoming that dependence thereby assumes the role of the lowest common denominator which serves as a meeting ground for advocates and adversaries of present NATO doctrine. (Footnote 4) (Bernard W. Rogers, A Credible Defense for NATO: Requirements and Goals of Security Policy in: Peter-Kurt Wuerzbach (Ed), Raising the Nuclear Threshold, Koblenz 1983, p 93; Karsten D. Vogt, Possibilities and Limits of Conventionalization, *ibid.*, pp 71-80)

To the question of how long the NATO forces in the FRG in purely conventional warfare could mount a successful defense in border areas, there are answers ranging from "for only a limited time" to an estimate of a few days, such as approximately four days. (Footnote 5) (Eckart Afheldt, Defense Without Suicide, in: Carl Friedrich von Weizsaecker (Ed), The Practice of Non-Threatening Defense, Hameln 1984, p 49.) For this reason, the discussion is concentrated upon reflections on how effectively the forward defense would have to be implemented as to use of manpower, type of combat, choice of weapons, etc. so as to prevent a breakthrough in this area for as long as possible. This would at least gain valuable time for transferring the available operational reserves from the United States, Great Britain and Canada to Central Europe.

In conventional usage, "forward defense" means a tactical-operational combined defense near the border with the mission of losing as little territory as possible, and to offset losses of territory with counterattacks. In this, damage limitation constitutes an important political objective. However, forward defense does not contain a tactical principle, i.e., it imposes no limitations on the brigades and divisions as to their combat procedures and mobility. The depth of the border area battlefield (including the delaying zone) is limited to 40-60 km; thus the latitude of mobility for the major formations extends to the rear end of the division. (Footnote 6) (Christian Meyer-Plath, Forward Defense, in: TRUPPEN-PRAXIS (1985) 3, p 216.)

The mission of all eight allied corps would therefore have to be to arrest the attacks by the frontline Warsaw Pact armies and to use all available forces in this endeavor. Any additional loss of territory would impact the rear corps area and would therefore most probably effect an operational breakthrough by the enemy and therefore the collapse of the forward defense. Apart from defense against border area enemy forces, "forward defense" also includes attacking enemy forces in their rear areas, which raises a complementary aspect.

The effort to prevent decisive breakthroughs in front of the rear division line can be explained as resulting from the recently improved combat doctrine of the Soviet ground and air forces. Reinforced armored divisions, some of them designated as "operational maneuver groups," are to overwhelm advanced NATO troop positions in early surprise actions and try to rendezvous with airborne forces which have been deployed in an "aerial operation" for the purpose of neutralizing important terrain features. After the rendezvous with these forces the assault into the depth is to be continued with strong air support to complete the operational breakthrough. There are Soviet statements to the effect that while occupying the tactical defense zone (i.e., the brigade and division areas) the "operational maneuver groups" should, if possible avoid being drawn into major combat actions, so as to save their strength for the battle on the far side of that zone. (Footnote 7) (Many studies have been made concerning the "operational maneuver groups" and the Soviet attack concept; e.g., John G. Hines/Phillip A. Petersen, The Soviet Conventional Offensive in Europe, in: MILITARY REVIEW, April 1984, p 9 et seq)

Should the NATO units be unable to intercept the assault of those groups prior to their rendezvous with the airborne forces after their landing (e.g., air assault brigades), the Soviet offensive concept could be considered essentially successful. The defender thus adheres to the principle of preventing the adversary from deploying his forces at the very beginning of that effort.

Official starting procedures for improving the defense concept are centered on the FOFA concept ("follow-on-forces-attack"), also known as the "Rogers Plan," which must never be confused with the "AirLand Battle" combat doctrine. In simple terms, an effort is made to conduct the action conventionally from the beginning with long-range weapon systems--e.g., with guided missiles

and zone fire munitions--against the enemy forces in their depth, without however weakening the defense against enemy forces deployed near the border. Contrary to previous statements, maximum effort must be exerted toward attacking the first enemy assault waves, rather than those of the second strategic echelon. Thus priority would go to attacking Warsaw Pact units at a distance of from 30 to 150 km beyond the front line. At the same time, there must be a defense against the enemy's initial air offensive, which would probably be a massive one, and to keep the attacker from gaining air superiority. On this, it was admitted that the implementation of all planned procedures would depend on great financial expenditures as well as on a great number of organizational and technological conditions. (Footnote 8) (For greater detail, see: Strengthening Conventional Deterrence in Europe (Second Report of the European Security Study, ESECS II), Baden-Baden 1985, with detailed discussion; also: TRUPPENPRAXIS (1985) 3, p 219 ("Applied Yardsticks").)

II. Critical Objections--Discussion

Arguments doubting the efficacy of the present NATO doctrine concern primarily three problem areas:

- a. Dependence upon early resort to nuclear weapon systems (battlefield weapons, possibly also medium-range weapons);
- b. Danger of a relatively quick penetration by the attacker through the "forward defense" zone;
- c. Great risk and cost in case of implementation of the FOFA concept.

1. Dependence Upon Early Resort to Nuclear Weapon Systems

As mentioned above, there is agreement among most advocates and opponents of current NATO doctrine that the dependence upon early use of nuclear weapons, especially of tactical nuclear weapons, should be dispensed with, since in extreme cases this could lead to self-deterrence. It is not clear, however, how and within what period this is to be done. On the NATO side there is the statement that this dependence can be reduced only to the extent that the "conventionalization" of weapons and operational doctrine is proceeding. Any premature declaration to the effect that any future war is to be fought in a conventional manner might produce the possibility that the Soviet leadership could count on a considerably better chance to not only start such a war conventionally, but also to bring it to a conventional end. (Footnote 9) (Bernard W. Rogers, NATO Strategy: Requirements for Credible Deterrence and for Intra-Alliance Cooperation; in: EUROPA-ARCHIV, (1984) 13, p 390.)

In this context, total "denuclearization"--whatever that may mean--would increase the probability, i.e., the calculability of a purely conventional weapons engagement in Europe, since the superior attacker would have to orient his military calculations only toward the opposing conventional forces. Therefore, NATO feels, efforts to improve conventional weapons do not countermand the retention of nuclear weapons, since this would enhance the credibility

of deterrence from any type of war. It has however been stated that that nuclear battlefield weapons, e.g., nuclear-capable artillery, would not constitute an appropriate "first strike" weapon. (Footnote 10) (General Hans-Joachim Mack, interview in DER SPIEGEL, 8 October 1984, p 162.)

But the desired "conventionalization" has not found universal approval either, in line with such arguments that with the loss of the nuclear component a purely conventional conflict would become more probable, since the danger of nuclear escalation would for all intents and purposes be eliminated. Inasmuch as this type of warfare would also result in enormous damage in view of the effects of conventional weapons, which would be nearly as severe as those cause by limited nuclear operations, a new source of danger is visualized from "conventionalization."

The following can be said to counter this argument: "conventionalization" can serve for NATO only to increase the credibility of its overall strategy of deterrence, since in view of the relative size of forces in Central Europe it can think in terms of defense only. The 23 to 24 NATO divisions in the Central Europe sector (according to the MBFR reduction area) are still faced with 59 to 60 active Warsaw Pact divisions, even though they are manned to a lesser extent. The ratio of the most important weapon systems and combat aircraft amounts to between 1:2 and 1:3.4 against NATO. (Footnote 11) (Anthony Cordesman, The NATO Central Region and the Balance of Uncertainty in: ARMED FORCES JOURNAL INTERNATIONAL, July 1983 p 24.)

Even if we were to claim that the weapon systems and reconnaissance facilities to be introduced under the Rogers Plan will considerably increase NATO's fighting strength, it would still be inadequate for providing the superiority in manpower and materiel required for a successful offensive at an operational scale.

For the Soviet side on the other hand, a significant improvement of the conventional NATO forces would constitute a severe impairment of their own offensive thinking, which is based on quickly overrunning enemy troops in the border areas and on gaining military strategic objectives prior to the arrival of significant reinforcements from overseas. (Footnote 12) (Summarized in J.V. Braddock, Soviet Concepts for Ground and Air Forces, in: EUROPÄISCHE WEHRKUNDE, (1983) 3, p 122-127.) Extended stubborn resistance in the advanced defense zone would enable the NATO high command to mobilize many reserves and to bring in operational reinforcements from across the Atlantic. This would postpone a quick victory by the Warsaw Pact troops indefinitely. In addition, this would raise a number of political disadvantages in Eastern Central Europe, e.g., the question of the reliability of some allies.

2. The Danger of a Relatively Quick Breakthrough by the Attacker

The argument that the Warsaw Pact would be able to penetrate NATO's forward defense relatively quickly requires a listing of the conditions under which such a breakthrough would be possible. One of the difficulties consists of

identifying those Warsaw Pact options which are highly realistic and which also can be simulated with mathematical models. Another difficulty consists of establishing a relationship between the military force ratios and the choice of action (options) on both sides. (Footnote 13) (For greater detail, see: Gerhard Wettig, Military Options in Europe, in: Erhard Forndran/Gerd Krell (Ed), Nuclear Arms in East-West Comparison, Baden-Baden 1984, p 141 et seq.)

With this premise, the option of a "standing attack," i.e., an attack with only a few hours preparation time, has little probability, even assuming an offensive by only those Warsaw Pact forces which are located in the GDR and the western part of the CSSR. Even those 35 to 37 divisions would require a minimum preparatory period: under normal conditions, the early warning time for NATO would be, according to a number of statements, approximately 48 hours. (Footnote 14) (See: interview with General Mack, "We can stand up under an attack," in: DER SPIEGEL, 8 Oct 1984, p 148; also: EUROPÄISCHE WEHRKUNDE (1982) 1, p 4.) This should be sufficient to take the most essential measures for initiating border area defensive operations and for mobilization. Even less convincing is the sometimes encountered statement to the effect that only the Soviet forces in the GDR and the units of the National People's Army would be capable of launching a "standing attack." (Footnote 15) (Paul Bracken, The NATO Defense Problem, in: ORBIS, Spring 1983, p 88.)

On the other hand, greater likelihood of success is imputed to an attack with a short preparation time (about 3 to 5 days), which would combine the surprise factor with relatively high strength. That kind of an offensive with the bulk of the first strategic echelon (about 48 to 50 divisions and army troops) and with the use of the greatest possible amount of airpower could gain the type of superiority which would enable the attacker to quickly penetrate the forward defense and to gain a decisive victory. However, in this case NATO would gain valuable time for preparing the defense areas, for extending mobilization and for transporting reserves from overseas. Nevertheless, this option appears to offer greater chances of success for the Warsaw Pact than do others. (Footnote 16) (Reports on this subject are in general agreement; e.g., Phillip A. Karber, In Defense of Forward Defense, in: The Front Line in Europe (ARMED FORCES JOURNAL INTERNATIONAL May 1984), p 40 et seq; also Anthony Cordesman (Footnote 11, p 34.)) (We will ignore here the option of an attack with a longer preparatory period, using the second strategic echelon and other reserves, since the chances of success are difficult to visualize.)

In addition to the foregoing, British authors have specifically emphasized the danger which might arise from a conceivable combination of surprise with strategic deception and masking (also known as "maskirovka"). Deception at the operational level would be particularly significant. (Footnote 17) (C.J. Dick, Overrunning NATO, in: INTERNATIONALE WEHR-REVUE (1986) 1, p 21 et seq.)

With respect to the effectiveness of the forward defense for the first two options, the interesting factor is not so much the ratio of forces involved, but rather the time required for occupying and preparing the proposed border area defense zones. Most studies on this subject concentrate on considerations for these time requirements, as well as on any kind of obstacles to the forward movement (refugee problems!) and on implementing the mobilization effort. In other words: the value of forward defense is determined more by the "time" factor than by the "force" factor. The unfavorable disposition of some major formations, e.g., Belgian, Netherlands and British divisions, emphasizes the importance of the time factor with respect to deployment. As long as there is criticism of the forward defense, it should be applied to those aspects where weaknesses obviously exist!

Another argument against the effectiveness of forward defense appears serious also and is not downplayed officially either. It deals with the small number of reserves available to the operational command, be it for the prevention of breakthroughs, be it for the protection of the rear areas against airborne landings. Even if the 23 1/3 active divisions in Central Europe are considered adequate for occupying the prepared defense zones, the few reserves still available at corps and army group level constitute a central problem. Most of the "models" representing alternative schools of thought agree on this point. Let it be said, however that the NATO commands take this deficiency into consideration also, among other measures by stockpiling the equipment for U.S. divisions to be brought into Western Europe in time of need. (Footnote 18) (TRUPPENPRAXIS (1985) 3, p 219; White Paper 1985, On the Condition and Development of the Bundeswehr, Bonn 1985 p 116) This question will be discussed further.

3. High Risks and Costs of the FOFA Concept

Objections to the FOFA ("follow-on-forces-attack") concept originally focused on accusing NATO of embracing a new strategy; subsequently, they concentrated on isolating the technical and financial bottlenecks.

The statement that FOFA constitutes a new strategy is faulty if for no other reason than there is no change in the basically defensive attitude. NATO ground and air forces would, even after accomplishing all their missions, hardly be in a position to conduct an offensive on a broad front against the Warsaw Pact. The only thing the "Rogers Plan" seeks to accomplish is to prevent, or at least considerably delay, the entry of the enemy's deeply echeloned forces and other reserves to the battlefield. For this purpose, combat aircraft as well as many ground-to-ground missiles having various ranges and precision munition are to be supplied.

This however merely constitutes a refinement of the current combat procedure, inasmuch as combat aircraft had in the past important enemy targeting missions also, such as interdiction and counter air missions. The FOFA concept merely serves to extend the combat zone into the depth of enemy territory by introducing a third dimension. (Footnote 19) (Is NATO Turning Aggressive? in: WEHRTECHNIK (1985) 1, p 14; Hans-Henning von Sandrart: Where are the Alternatives? in: DEUTSCHES ALLGEMEINES SONNTAGSBLATT, 27 May 1984, p 7.)

Controversy was however generated by some statements made during the discussion of various scenarios to the effect that NATO should not be satisfied with defense alone, but that it should penetrate into enemy territory through counterattacks. This, claim the authors of those statements, would have a military as well as a political effect. (Footnote 20) (Samuel P. Huntington, Conventional Deterrence and Conventional Retaliation in Europe, in: INTERNATIONAL SECURITY, Winter 1983/84, p 42 et seq; Paul Bracken (Footnote 15) p 98, in similar form.) Statements of this nature have occasionally been cited as arguments in favor of the allegedly aggressive "Rogers Plan," without taking into account the actually existing strength ratios and options.

The weapons technology and financial requirements are however more difficult. In this respect, mention has been made on the one hand of the technical and control problems posed by the development of new precision weapons, on the other hand of their limitations caused by enemy reaction. Mention was made for instance of the fact that without adequate reconnaissance systems with "real-time transmission" any precision weapon would lose a great deal of its potential. In addition, it was said that various enemy electronic deception measures must be taken into account. (Footnote 21) (Steven L. Canby, Operational Limits for New Technologies, in: INTERNATIONAL WEHRREVUE (1985) 6, p 877-879.)

It is predicted that financial resources would become available only over the long term and with restrictions, with an estimated overall cost of \$30 billion (at 1984 conversion rates). The costs for weapons to be used in defense against the first attack waves alone are said to be about \$9 billion. (Footnote 22) (Strengthening Conventional Deterrence in Europe (ESECS II), p 136.) But inasmuch as NATO wants to make improvements in the conventional arsenal as a whole, competition is surfacing among a number of arms programs, which clearly indicate the limits of funding ability. At the moment it would make some sense that in view of the financial weaknesses of some individual member states procurement be limited to a few important items, e.g., the MLRS multiple missile launcher and the Patriot anti-aircraft weapon.

III. "Non-Threatening Defense:" A Tactical-Operational Solution?

1. Various Approaches

The critical objections described above have not only resulted in proposals for improving the presently accepted defense concept, but have in some cases shown a radical deviation from this concept, which eventually led to the demand for an exclusively "non-threatening" defense. "Non-threatening defense" can comprise those definitions which basically have two principal objectives:

- sole reliance upon a considerably improved conventional defense, so as to shed dependence upon tactical and Eurostrategic nuclear weapons;
- reorganizing and reequipping the armed forces to "defensive structures."

It is very difficult to comprehend all the details of the proposals made by the individual schools of thought or to filter out the commonalities among them. Their subject matter ranges from the establishment of an "area-covering" defense to the creation of a militia-type defense and reequipment with purely "defensive" weapons, all the way to total renunciation of nuclear weapons and to "social defense." (Footnote 23) (A useful summary is contained in: Specializing in Defensive Operations--Introduction and Source Materials (Research Panel SALSS), Bonn 1985. However, the discussion contains several misunderstandings which cannot be discussed here in detail.) What they all have in common is the belief that the deficiencies of the NATO doctrine can be dealt with only through a radical change, the most radical being the demand for abandoning all nuclear weapons or for organizing a civil resistance.

Other commonalities are in the area of "conventionalizing" with renunciation of "first use" of nuclear weapons and in using formations which are predominantly "incapable of offensive warfare." The latter intention includes the thought of stressing our side's peaceful intentions, so as to be able to point to our own initiatives in the course of political negotiations. This proposal in particular has met with heavy criticism, since its prerequisites would incorporate grave dangers, e.g., the establishment of a strength ratio unfavorable to NATO, which might never again be capable of correction.

Another element concerns the concept of "common security," which has also caused criticism. Its line of thinking is based on the objective that for the long term both military alliances should be dissolved and replaced by "common security." (Footnote 24) (This discussion contains the ideas of Dieter S. Lutz, Common Security--the New Concept, in: SICHERHEIT UND FRIEDEN (1985) 4, pp 201-214.) Its strategy of deterrence would be limited to the guarantee of a high "price of admission and sojourn," which the adversary would have to pay in case of an offensive.

On the other hand, any revenge or (nuclear) preemption is rejected. Efforts are to be made to establish a "structural inability to attack." Arms control should for the long term be oriented toward improving strategic stability and the above-mentioned "inability to attack." However, "common security" and neutrality would not be capable of combination. (Footnote 25) (Ibid, p 209.) In considering the various attempts to elevate neutrality to a security policy ideal pure and simple, this is a remarkable statement.

While recognizing the basic intention of these proposals, some objections are in order: present NATO doctrine is limited to defense only, with continued emphasis on efforts to strengthen conventional defensive capability so as to increase its deterrent effect. Revenge or (nuclear) preemption would hardly be an appropriate military means of arresting a conventional offensive. According to available documents and statements, possible use of nuclear weapons by NATO would be directed against military targets in the attacker's rear areas for the purpose of having military impact ("battle area use," "theater-wide use"). Besides, nuclear preemption by NATO would be

highly self-defeating in view of the Warsaw Pact's superiority in tactical-operational nuclear weapons. (Footnote 26) (The combat doctrine "AirLand Battle" is not concerned with the question of nuclear preemption either, but rather with the inclusion of nuclear use options into the conduct of operations (Klaus-Peter Stratmann, "AirLand Battle--Distortion and Reality", Science and Policy Foundation, Ebenhausen, September 1984, p 17.)

The "high price of admission and sojourn" would first have to be measured against its deterrent effect to the adversary's calculations, inasmuch as any new concept should be oriented toward its war prevention capability, (Footnote 27) (Dieter Farwick, "Flexible Reaction and Alternative Strategies" in: SOLDAT UND TECHNIK (1984) 4, p 164.) which is yet to be determined. "Structural inability to attack" would in the long run require such enormous limitations, that for the defender even tactical counterattacks or interdiction missions by fighter-bombers would be meaningless. Besides, it is obvious that not even experts dare to categorize weapons as offensive or defensive, since no weapon system must be judged out of context. In any case, such an "inability to attack" on the part of NATO would require a parallel effort on the Eastern side in order to cut down on its existing offensive potential and to create trust.

Finally we should mention the unresolved problem bearing on the fact that the concept of security bears entirely different connotations in East and West, resulting in great incompatibility in the objectives desired by both camps. (Footnote 28) (Alois Mertes, The Nature of the Soviet Threat, in: Rising the Nuclear Threshold, p 43/44; also: Alois Mertes, Maintaining the Peace--Fashioning the Peace, in: EUROPA-ARCHIV (1983) 7, p 189.)

2. "Area-Covering Defense," "Trap Defense," "Technotactics"

Most of the proposals described thus far sooner or later bring up the crucial question which no expert worthy of that designation can ignore: can Europe defend itself with conventional means? (Footnote 29) (Josef Joffe, Discontentment with Stability: Can Europe Defend Itself in a Conventional Manner? in: EUROPA-ARCHIV (1984) 18, pp 549-558. The basic assumption here is that in view of the ratio of forces in Central Europe, NATO could defend itself for only a short time and that after a few days it would therefore be faced with the alternatives of nuclear escalation or offering to capitulate. To circumvent this quandry, unofficial sources have come up with a number of "alternative models," only two of which will be presented here.

"Area defense," also called "area-covering defense" (by retired Major General Hans-Joachim Loeser) and "Trap defense" (by retired Brigadier General Eckart Afheldt), which title is to be considered merely a working title. Mention of other "models" will be made later. (The author realizes that this will not be a comprehensive presentation of all shadings of "non-threatening defense.")

a. "Area-Covering Defense"

Loeser's concept subdivides the operational area in the FRG into a "border defense," and "area defense" and a "home defense" zone. "Area-covering defense" desires a doubling of the conventional defense capability through "the use of new defensive technologies having high precision", use of the terrain and "establishment of reserve units attached to the active duty force." (Footnote 30) (Hans-Joachim Loeser, Forward Defense of the FRG? in: OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT (OeMZ) (1980) 2, p 121.) Every active unit is to establish a reserve unit, train it and prepare it in pre-designated defense sectors of a "deep network" for mobilization. The ratio between combat troops and support troops should start out to be 80:20 (changed in later statements by Loeser). Bundeswehr requirements for 1990 are stated to be 100 brigades, of which 36 are active, 36 cadre-strength and 28 reserve. In general terms, this provides for a "demechanization," even though in contrast to other "models," mechanized units are designated as assault forces for counterattacks. In contrast to other concepts the enemy is to be so heavily mauled already near the border in a "dense defense system" that he would be unable to cross the Weser-Lech line. According to more recent statements, the border area defense would be 40 to 60 km in depth. (Footnote 31) (Same author, Defensive Options of NATO for the 1990s, in OeMZ (1985) 6, p 529.) The latter statement comes remarkably close to coinciding with the concept of NATO forward defense!

b. "Trap Defense"

"Trap defense" is based on the defensive operations of a motorized infantry formation, to be newly constituted, inside a 70 to 100 km wide band ("trap") along the borders with the GDR and the CSSR. The idea is to wear down the attacker in harassment-type operations lasting several days, using numerous antitank missiles, simple artillery missiles, grenade launchers and barriers. The enemy is to be attacked immediately upon crossing the border and to be so strongly worn down throughout the entire depth of the "trap" that any enemy forces which succeed in breaking out of the trap then face the NATO operational reserves stationed immediately behind it, which then inflict ultimate defeat on them. (Footnote 32) (Eckart Afheldt (Footnote 5), p 51.)

This should result in gaining a delay of 4 to 7 days. The motorized infantry bears the brunt of this action; it is organized into platoons, companies, battalions and brigades. The proposal calls for 50 active motorized infantry brigades and 12 division headquarters; the reduction in peacetime manning of the mechanized divisions, corps troops and the territorial army should facilitate the establishment of the new motorized infantry formations. The motorized infantry troops are to be deployed in an extremely dispersed fashion, about 130 men for 50 to 80 km². The guiding principle for their operations must be to "underrun the aggressor's overwhelming firepower." (Footnote 33) (Ibid, p 56.)

c. "Technotactics"

To supplement the foregoing, let us cite the ideas for including missile artillery in the operations of the motorized infantry, as well as "technotactics." (Footnote 34) (Josef Goblirsch, A New Guideline for Defense: Technotactics, in: The Practice of Non-threatening Defense, p 121-165.) This concept describes those weapons-technological items which are devoted to "effect out of covered positions", e.g., missile launchers or multi-purpose missiles with remote control. Apart from the "trap forces," mainly in the border areas, "assault forces" are to be deployed in the rear areas for the purpose of annihilating enemy forces which have broken through or have been airlanded.

Another alternative "model" deals with the defense using "fire barriers" (Norbert Hannig), which is to be based almost exclusively upon an enormously increased effect of defensive fire (principally using missile weapons and precision munitions) in the area of so-called "barrier and destruction zones" along the border. (Footnote 35) (Norbert Hannig, Deterrence by Conventional Weapons: The David-Goliath Principle, Berlin 1984, especially p 161 et seq.)

3. Objections and Counter-Arguments--Preliminary Results

Most commentaries agree that practically all deviations from "area-covering defense" figure a priori on a much greater loss of territory than is acceptable within the framework of the NATO doctrine. They repeat over and over that the shallow depth of the national territory will not permit any large-scale disengagement designed to wear down the aggressor for any length of time. (Footnote 36) (There are many statements of a similar nature, e.g., Richard K. Betts, Surprise Attack: Lessons for Defense Planning (The Brookings Institution), Washington, DC 1982, p 215.)

This, they continue, is out of the question, if for no other reason than that the defensive operation, which will extend over large parts of the national territory, would inflict unreasonably great damage and losses on the civilian population; wide-area counterattacks at the end of the wearing-down phase, as visualized by Loeser and Afheldt, amount to battles in the interior of the country for practical purposes, even with appropriate air operations! A presumed giving up of territory up to a depth of 100 km would expose such densely populated areas as Hanover, Frankfurt and Nuremberg to combat operations. (Footnote 37) (These arguments are essentially summarized in Heinz-Eberhard von Steinaecker, "On Area Defense" in: WEHRWISSENSCHAFTLICHE RUNDSCHAU, (1982) 1, p 1 et seq.)

Significantly, Loeser, in his most recent work, speaks of a border area defense with a depth of 40 km, in which the "first and second enemy echelons" were to be destroyed, with priority given to such border area defense. The FOFA concept too, he allows, has an important function in attacking enemy concentrations in depth. (Footnote 38) (Hans-Joachim Loeser (Footnote 31, p 530.)) Does this constitute significant changes to NATO defense planning?

As to the case of Loeser's "area-covering defense" it was shown that the personnel requirements for the army alone exceed the present personnel strength of the Bundeswehr of today: (Footnote 39) (Werner Lange, *Alternative or Utopia?* in: *EUROPAEISCHE WEHRKUNDE* (1983) 6, p 284; a discussion of Hans-Joachim Loeser's book *Neither Red Nor Dead*, Munich 1982.) 65 active duty brigades for the "shield forces" and 24 active brigades for the "sword forces", numbering a total of about 272,000 combat troops, not counting the support and supply troops, which at best would require again as many personnel as combat troops. The distribution of the area-covering forces would have to be relatively well-balanced, so as not to give the attacker an advantage by creating premature concentrations. Question: how are the motorized infantry forces to stand their ground in terrain which is favorable for tanks? Also, how should the calculated excess personnel requirements for the army be satisfied without considerably weakening the air force and navy? (Footnote 40) (Werner Lange (Footnote 29), p 284/285)

Another objection goes like this: What shape is the combat procedure of the motorized infantry to take so as to inflict the greatest possible losses upon the attacker? Inasmuch as the bulk of the forces fight in the infantry manner, i.e., without a deeply echeloned position system, the central question of protection arises. In view of the well-known superiority of the Warsaw Pact troops with respect to barrel artillery, multiple rocket launchers and helicopter gun ships, there is a high probability of encountering a comprehensive, withering, frequently area-covering fire in the main points of attack, sometimes in adjoining sectors also. How are the motorized infantry troops supposed to make use of their antitank weapons without suffering unacceptable losses in the process? The dispersal, which is recommended several times, while promoting survival, hardly constitutes a threat to the attacker. (Footnote 41) (*Ibid.*, p 283; also, Dieter Farwick (Footnote 27), p 167.)

Afheldt's concept proposes a battle inside the "trap," which also extends throughout the length of the border, without differentiating between armor-friendly and armor-unfriendly terrain. Inasmuch as the proposed light infantry is not to fight out of emplacements and field fortifications, the only available form of combat is harassment. This harassment will presumably hit the enemy in his sensitive spots, e.g., his movement routes. There is no explanation on just how this harassment is supposed to be conducted against those sensitive spots in armor-unfriendly terrain, which goes against all available combat experience. Should the intention be to conduct a defense out of many prepared emplacements, the motorized infantry forces are in danger of being reconnoitered early on and to be destroyed by massed fire, as would be the case in "area-covering defense." Additionally, such emplacements would have to be prepared in great depth and in large numbers already in peacetime, so as to be available as fallback positions.

Should one on the other hand limit oneself to harassment operations in the infantry territory only (which fails to address the question of defending the other sectors!), it is doubtful also whether the intended effect can be achieved, which is to involve so many enemy forces that the "overall strength ratio" (Footnote 42) (Echart Afheldt (Footnote 32), p 51.) undergoes a change.

If extreme dispersal is asked for--about two soldiers per km²--and individual infantry platoons are to fight completely independent actions, any success by the motorized infantry forces would consist only in hindrance, but not in causing attrition of the following enemy echelons. In the dispersal mentioned above, an appropriate amount of time is required for preparation of the infantry platoons which must retreat immediately after their operation. The required "disappearance," while promoting survival, causes a loss of terrain. There are limits also to that disappearance, if the civilian population is not to be exposed to additional danger. Large-scale dispersal just cannot cause great attrition. (Footnote 43) (In greater detail: Gerhard Hubatschek, Defense Recipes from the Amateur Chef? in: KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGS-TRUPPEN (1985) 6, p 287.)

By using the option of adequate saturation of the area with motorized infantry, one exposes it to being drawn into combat actions entailing heavy losses prior to accomplishing the desired results. It would appear highly probable that the attacker would use heavy assaults, using "operational maneuver groups" and air support, quickly to penetrate through the "trap" of the motorized infantry platoons. (Footnote 44) (Deiter Farwick (Footnote 27), p 167.) The attacker, from whom the new defense concept cannot be kept secret, would also make a transition to harassment action, perhaps by responding to assaults by infantry units with reinforced protection of sensitive spots or preventive mopping-up operations. The Warsaw Pact commanders too are well aware of the weaknesses of their own echeloning procedures and of their rear area services!

Place yourself in the position of the attacker who is faced with a defender who reports any engagement as quickly as possible, who does not let himself be drawn into any protracted resistance and whose mechanized units act merely as a "fire department," unless they are entirely absent, as is the case with several "models." (Footnote 45) (Ludwig Schulte, The "Non-threatening Defense Buzzword," in: EUROPÄISCHE WEHRKUNDE (1985) 9, p 475, with detailed discussion.) Even the variant in which the motorized infantry units launch guided missiles from secure emplacements and thus are less endangered has, apart from some advantages, the main disadvantage that it cannot provide an extended defense of important terrain sectors. Is it conceivable then that the motorized infantry unit operations would result in gaining the desired time delay of 4 to 7 days?

We should mention only in passing the great training requirements and the extraordinary stress imposed upon the infantry forces inside the "trap," which are left entirely to their own resources. Obvious also are the psychological disadvantages of deep enemy penetration.

Other schools of thought concerning "non-threatening defense" propose a mix of units fighting under static conditions and "fire department forces" with artillery missiles, resulting in a teaming up of simple and high-tech weapons. Some of the advocates of this type of defense even show an "almost euphoric commitment to modern weapons technology," (Footnote 46) (Ibid., p 475: see also Hermann Scheer's response in EUROPÄISCHE WEHRKUNDE (1986) 1, p 5.) whereas others demonstrate a tendency toward simple, heavy armament.

Most of the advocates of "defensive reequipping" may claim the advantage of being able to save money by simplifying armament; however, it remains to be proven that armed forces of the future would be able to operate without any means of counterattacking (e.g., tanks) and without the air defense resources of present-day NATO forces (e.g., antiaircraft missiles, interceptor aircraft).

On the other hand, the advocates of the high-tech weapon system "models" must ask themselves how the additional cost of these developments are to be met and whether they would not be beset by the same problems as are the FOFA concept procurement plans.

All these reequipping proposals and most tactical-operational discussions usually ignore the fact that the Bundeswehr cannot proceed independently. Nor is independent action conceivable in operational planning, since this would have a decisive impact upon overall NATO planning. (Footnote 47) (Hans-Henning von Sandrart (Footnote 19) p 7.) All those "models" which feature an extended fight of attrition for the purpose of gaining time for bringing up and preparing reserves, must realize one thing: this gain of time also benefits the enemy for moving his second strategic echelon and other reserves on the ground and in the air, which would serve merely to postpone the decisive battle in the interior of the country with all its consequences. (Footnote 48) (This is compatible with the Soviet intention of being prepared to use a number of different options in a war in Europe, rather than depending solely on the advantages of a surprise attack. Nor should one believe that the Soviet leadership subscribes to a "Blitzkrieg" concept (John Erickson, The Soviet View of Deterrence, in: SURVIVAL (1982) 6, p 246/47; Gerhard Wettig (Footnote 13), p 145/146.)

The objections to the two concepts which have been discussed in the foregoing in detail can be summarized as follows:

- danger of a large-area mission;
- inadequate delaying of enemy penetration, especially in high-concentration sectors;
- inadequate attention given to different battle conditions in armor-friendly versus armor-unfriendly terrain;
- great demands on combat morale and training level of motorized infantry forces in the attrition zone;
- danger of great destruction during the delaying action and counterattacks from rear areas;
- requirement of coordination with the alliance partners prior to initiating tactical-operational or armament innovations;
- psychological and political disadvantages resulting from abandonment of "forward defense."

The crucial problem for those alternative concepts which content themselves with hybrid forms (static, mobile) and with a weapons mix while limiting themselves to purely defensive options--without armored counterattack forces--is the following: how can an enemy who has broken through be not only sealed off, but also repelled? (Footnote 49) (This question relates to such publications as the report of the Study Group for Alternative Security Policy: (SAS), "Structural Changes in Defense," Opladen 1984, or "Civil Resistance and Autonomous Defense," by Hans-Heinrich Nolte/Wilhelm Nolte, Baden-Baden 1985.)

IV. The Search For Alternatives

If we start with the premise that it would be an advantage to give a higher priority to tactics than to technology, and that most of the problems deal with a decided improvement in conventional defense capability, we come across a few proposals which have not been accorded sufficient attention in the discussion thus far. First of all, there is the idea of establishing, already in peacetime, a well-thought out, deeply echeloned emplacement system in the border area. This has been proposed by such experts as Fritz Birnstiel and Hans-Heinrich Winckler. (Footnote 50) (Fritz Birnstiel, Forward Defense--The Centerpiece of Conventional NATO Defense, in: EUROPÄISCHE WEHRKUNDE (1980) 5, pp 213-218; Hans-Heinrich Winckler: Militia Barrier Brigades--Border Area Reserves for the Army, in: EUROPÄISCHE WEHRKUNDE (1982) 2.) But U.S. and British authors too have for some time emphasized the value of permanent fortifications and fortified zones in the border area and described their value as a "force multiplier." (Footnote 51) (John H. Maurer/Gordon H. McCormick, Surprise Attack and Conventional Defense in Europe, in: ORBIS, Spring 1983, p 120 et seq; Richard K. Betts (Footnote 36), p 226; John T.F. Tillson, The Forward Defense of Europe, in: MILITARY REVIEW (1981) 5, p 66 et seq; T. Cross, Forward Defense--A Time For Change, in: JOURNAL OF THE RUSI, June 1985, p 21.)

It is fully realized that, as shown in the history of warfare, this constitutes no guarantee of a prevention of breakthroughs, but that an important gain in combat capability and time can thereby be effected. What is involved basically is the establishment of a zone of varying depth containing field emplacements (strongholds, tank ditches, terrain elevations, other types of obstacles and barriers, emplacements for heavy weapons) which some authors think should extend along the entire border (Footnote 52) (T. Cross (Footnote 51), p 22.) and others think necessary only in important sectors. The depth is stated to range between 15 and 40 km, depending upon the terrain.

Birnstiel's proposal provides for the replacement of today's delaying zone with a "border barrier zone," which begins immediately behind the border, thus reducing the loss of territory to a minimum. Specially equipped and organized "border barrier brigades" are proposed for combat in this barrier zone; behind them mechanized or infantry-type teams (depending upon the terrain) would be in readiness for establishing defense concentration points in their defense sectors. Should the attacker break through the "border barrier zone," the subsequent defense would then be operative in the defense zones in conjunction with other operational reserves.

As a variant of the idea of manning barrier brigades predominantly with militia soldiers, other authors have emphasized the great demand which are made on such units and have therefore proposed a different structure for the barrier brigades. (Footnote 53) (E.G., H.W. Hofmann/K. Steiger, The Concept of Barrier Brigades, working paper of the Bundeswehr Military Academy, Munich, February 1984.) There is disagreement on the question of whether national corps sectors and their command authorities should be maintained

or not. However, the decisive feature is the fact that defense should be initiated as close to the border as possible and to make use of the advantages of natural obstacles and a deeply echeloned emplacement system for this purpose.

Many authors are in agreement that the inadequate infantry strength should be remedied and that the present armored infantry battalions would only be marginally effective in anti-armor defense. (Footnote 54) (Letter to the Editor from Carl Gero von Ilseman in: *EUROPAEISCHE WEHRKUNDE* (1985) 11, p 584; *KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN* (1986) 1, p 41 (Letter to the editor by Alfred Zaengerle).)

One frequently proposed alternative concerns resorting to the reservist potential, either by integrating them with active divisions or by establishing additional territorial army units. In addition, a forward stationing of certain parts of individual divisions into border areas could expedite the deployment; this is an idea on which the U.S. Army "Master Restationing Plan" is based.

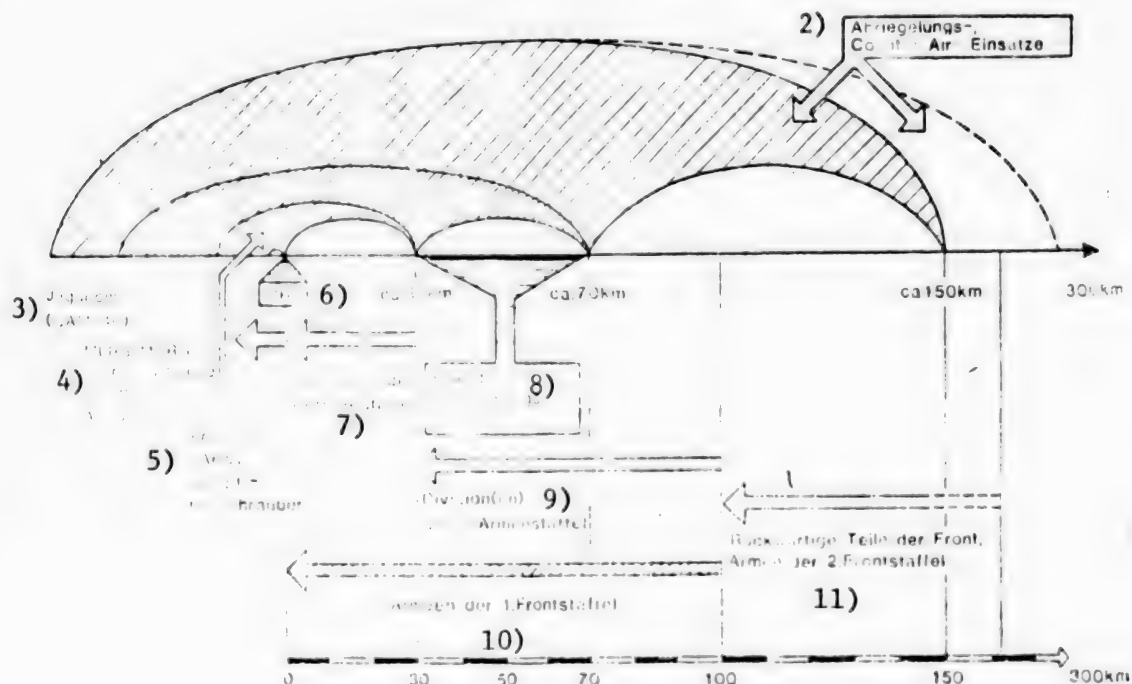
Finally, some experts visualize a considerable strengthening of NATO by a timely relocation of "light" infantry divisions to Western Europe in times of peace or crisis. These divisions might be deployed--perhaps within the framework of forward defense--for the purpose of freeing armored units for use as reserves; they might be used also for the protection of rear areas or as operational reserves of the NATO Commander-in-Chief. Not the least of the advantages of using "light" infantry units would consist of demonstrating to the Warsaw Pact the defensive character of this type of reinforcement. (Footnote 55) (Robert B. Killebrew, NATO, Deterrence and Light Divisions, in: *MILITARY REVIEW* (1985) 5, p 2-15; David N. Petraeus, Light Infantry in Europe: Strategic Flexibility and Conventional Deterrence, in: *MILITARY REVIEW* (1984) 12, pp 35-55.)

The proposals which have been submitted thus include the establishment of fortified barrier zones in border areas; the gain of infantry-type reserves and the introduction of "light" infantry divisions from overseas. They all fit into the framework of "forward defense," even though the latter appears in need of improvement in some respects. (Footnote 56) (A good discussion of existing weaknesses plus a proposal for a defense concept which features the advantages of a barrier zone as well as the opportunities for fire impact in the depth of enemy formations, while at the same time taking mechanized NATO reserves into account, is offered by Jochen Denso, *Skin Without a Core*, Koblenz 1983, especially p 171 et seq.)

Admittedly, the advocates of "alternative" concepts may point to peace-promoting aspects of their respective proposals, e.g., to the credibility of purely defensive intentions by limiting themselves to "defensive structures" while renouncing nuclear weapons. However, the test of all these concepts concerns the question to what extent they improve the deterrent effect and to what extent they impact upon the strategic calculations of a potential aggressor in terms of deterrence.

[p 31] Figure 1

1) "Rogers-Plan": Bekämpfung von Feindstärken in der Tiefe des Raumes



Key:

1. The "Rogers Plan:" Engaging Enemy Echelons in the Depth of Their Territory
2. Interdiction and Counter Air Missions
3. Fighter-bomber (CAM-40)
4. MLRS/MARS, improved Lance fighter-bomber, A-10
5. Artillery, LARS, helicopter gunships
6. FEBA
7. Divisions of the first army echelon
8. Main interdiction zone
9. Division(s) of the second army echelon
10. Armies of the first front echelon
11. Rear portions of the front, army of the second front echelon.

9273/9738

CSO: 3620/647

WIDESPREAD OFFICER DISCONTENT OVER PERSONNEL MANAGEMENT

Bonn DIE WELT in German 27 Mar 86 p 3

[Article by Clemens Range: "The Defense Ministry Called--And Far Too Many Wanted Out"; first paragraph is DIE WELT introduction]

[Text] On 1 April, the Bundeswehr will start the early pensioning campaign. The first 175 of 1,200 officers are leaving the service prematurely. What the Ministry of Defense did not sense: Another 1,188 want to leave, yet they are not permitted to. There is so much displeasure among them that some are even suing the minister.

It was the spring of 1985 and the proposed legislation which would dissolve the utilization and promotion log jam and would thus "bring some draft to the chimney" was being heavily discussed in officer clubs. In the final analysis, the financial prospects were quite interesting: 70 percent of existing salary as a pension, plus a bonus of DM 40,000. Personnel offices passed the word: "First come, first served."

The lieutenant colonel of the class of 1935, who has been a soldier since 1956, was led to this step both by family and also by professional reasons. For 2 years, his application to be stationed near his ailing in-laws has remained without success. He hoped that, by leaving the service, he could now move to join his wife and children who were looking after the in-laws. Furthermore, he felt professionally frustrated. "For 13 years I have been a lieutenant colonel. I am among those who cannot be promoted anymore although throughout my service time I was always designated as one with unlimited potential and particularly worthy of promotion," he said.

Principal Motive: Frequent Transfers

The prospects of remaining another 6 years at this grade, persuaded him to look around in the economy. When his application was rejected for the first time, he already had an offer to take over as a representative of a firm.

For the tank major of the class of 1943, the principal motive for his premature departure from the service was the family. His wife is a teacher in a secure position which would have to be given up if he were transferred again or it would mean the family separation. His plan was to become independent as

a real estate consultant. His first application was returned with the remark that it was invalid, since the law for its basis was not yet in effect. When the law was then passed in August of 1985, the personnel office of the Bundeswehr addressed all troop officers of the classes of 1932 through 1944 and encouraged them to retire. Never in the 30-year history of the Bundeswehr was an official letter probably studied more carefully than this one. The tank brigade major--and with him some 2,387 officers--applied again for early retirement from the service. It did not take long before he was told that for the classes of 1943 and 1944 substantially fewer would be permitted to retire than during the other age classes and that was why his application was being denied. This was the experience of the majority of the applicants and only 1,080--another 120 positions are being held back by the Ministry of Defense--received the green light.

"I admit that the personnel officers are in a difficult situation," said a staff officer. But he said that the entire project "is not well-thought-through and is only halfheartedly being realized. One did not check what would happen if more should apply and what would happen to those whose applications were denied. Even the preparations were handled in a dilettante manner."

With the assistance of a representative question posed by the Munich Social Science Institute, the Ministry of Defense had attempted in the summer of 1984 to gain a picture as to how many professional officers were prepared to retire in order to make room for younger men. Barely 400 were said to have registered at that time and the ministry was afraid that it would not find a sufficient number of applicants.

The Applications Flood Came Around the Turn of the Year

When the first letter from the personnel office reached the soldiers in the summer of 1985 many at first held back because the planned evaluations for staff officers were pending and many a person feared that he would no longer be promotable as a potential applicant. And so, the flood of applicants which did not come in until the turn of the year 1985/1986 took Minister Woerner and his experts at the ministry completely by surprise. Then, attempts were made to rapidly compensate for the wrong situation evaluation with such formulations as "full success" and "expectations were more than fulfilled."

"The Bundeswehr leadership lost a unique opportunity to research motives which could also have been used to ascertain the attitude in the Officer Corps," said a Luftwaffe major.

The fact that the mood in the Officer Corps was not the best was attested to by the high number of applicants. According to a lieutenant colonel, when in some staffs as many as 30 percent of the personnel applied, roughly a third of all press and public affairs officers applied to retire, when from one office at the Ministry of Defense three highly qualified data processing experts want to retire, when an entire department applied as a unit, and even Minister Woerner's special deputy for personnel affairs himself is one of the applicants, "then something is not quite right here."

Even a Member of the General Staff Is Drawn Away

And, frequently, not the worst wish to retire. A majority of general staff and admiralty staff officers are also among those who would like to turn their back on the Bundeswehr.

The reason for the bad mood is, primarily, "the rigid scheme in training and utilization planning," according to a combat officer. A departing admiralty staff officer states: "Within the Bundeswehr, there is no personnel management present. There is only a personnel administration. And it has been unable in 30 years to utilize officers in a suitable form and with vision." Current transfer practices, one hears frequently, are said to be the reason for most officers wanting to hang up their gray uniform coats. Many also do not feel sufficiently challenged. Another motive is said to be that the Officer Corps was no longer as homogeneous as it had been at the time most applicants entered the service. Prior training, career paths, professional expectations, and personal interests among the officers who have or have not studied at advanced schools and those who have come up through the noncommissioned ranks are said to be far too different.

"What particularly angered me was that a lieutenant colonel who was subordinate to me and who was 1 year younger than I am and had almost the same career is pensioned and I am not," said a department head. Where is the logic, he asks, when the selection criteria state: "Utilization flows are generally more favorable the higher the utilization level is"? It is understandable that the superior officer of the departing lieutenant colonel complained and now intends to join in the class action filed by the Bundeswehr Association. Here, not only are the complaints mounting--as they are in the hands of the defense delegates and in the ministry--but now, with the aid of the association, frustrated "grandfathers," as Woerner has dubbed older troop officers, are trooping before the judge. The courts are to examine whether the selection out process is juridically pure.

If Necessary, All the Way to the Supreme Court

"We are prepared to go before the Supreme Court," states the chairman of the Bundeswehr Association, Rolf Wenzel. After all, this is a matter of a principle of equal treatment. However, he entertains little hope that the case can be won, because "the law is rubbery and the formulation 'action readiness must be maintained' can disqualify the arguments of all rejected applicants," is a fear expressed by one jurist.

What remains is a substantial potential number of those who are dissatisfied. "With the decision to retire, one is already automatically a step removed from one's career," says a general staff officer with regard to the situation. "To then turn around 180° is barely possible," says a company commander. Anyone who now--so to speak, against their will--remains in the Bundeswehr can hardly be the same person with respect to their motivation. In the rejection note from the chief of the personnel office, Lieutenant General Fanslau, things naturally sound quite different: "I am convinced that commitment and internal conviction will accompany your service in the future also. Naturally, your

employer will continue to honor his obligations to you; this is primarily true with regard to the obligation to care for you and afford you equal treatment."

A lieutenant colonel whose application was denied adds: "I do not consider myself cared for. No superior officer spoke with me about my application. The rejection letter was impersonal and consisted mainly of mere words. I consider that to be deficient consideration."

5911

CSO: 3620/636

FIRST TRAINING WITH U.S. MADE ITOW MISSILES REPORTED

Helsinki UUSI SUOMI in Finnish 23 Mar 86 p 21

[Article by Jukka Knuuti: "Antitank Defense in Real Time"; first paragraph is boldfaced lead-in in original]

[Text] The target is visible on the sight's hairline scale. Light infantryman Juhani Aikio, son of a reindeer keeper from the shore of Lake Inari, presses the button. A thundering sound is heard: the meterlong missile is hurled on its journey at a speed of 1,000 kilometers per hour dragging a tail of fire and unraveling from its entrails a copper cable. Along it, the reindeer keeper's son transmits orders to the missile, which explodes at its target.

This time the missile's hollow charge pierces just the pasteboard target at Rovajarvi. But it also would have made a hole in armored steel 80 centimeters thick. "It destroys the thickest armor of all the tanks on the market," says Major Seppo Hakala, advertising the weapon. Battalion officer of the Sodankyla light infantry brigade, Hakala has had exceptional training: missile courses in both the Soviet Union and the United States.

Finland has switched to real time in antitank defense. Our men who ward off tank assaults have practiced with their new weapons for a couple of years. The country's inviolability can no longer be assured without missiles. In a possible future war, the light infantrymen of Lapland would be compelled to halt an enemy who attacks under the shelter of steel. Battle tanks and--in their midst--infantry in armored personnel-transport vehicles would be in the vanguard. The importance of antitank defense on the battlefield has risen immeasurably since the last wars.

Missile's Price: \$8,600

Yet Major General Tuomo Tuominen, the infantry inspector who by virtue of his position bears the greatest responsibility in this area, is satisfied: our anti-tank defense system works well. All the same, he admits that the missile the light infantryman fires is expensive. But when we see what the missile does, its price is placed in the proper perspective. It destroys the armored tank in which the invader has invested 10-20 million markkas. And, of course, it thereby prevents substantial damage to our own tanks.

And what was the price of antitank missile 83? The general does not tell. On the other hand, a reference work published in 1979 reveals that the price was \$8,600. The firing device costs roughly 5 times that figure. The price of the American ITOW (Improved, Tube-launched, Optically-tracked, Wire-guided) missile has hardly fallen much since those days.

ITOW and its predecessor, TOW, are among the most frequently sold antitank missiles in the world. When the Finns signed the agreement to supply, the seller was able to confirm that it had sold altogether roughly 400,000 of the missiles to 29 countries.

The other armor-piercing missile used by light infantrymen, antitank missile 82 obtained from the Soviet Union, which is known by the name AT-4 Spigot in Western countries, is a considerably cheaper item. After all, its range is "only" 2,000 meters. According to Finnish data, the ITOW's maximum range is 3,500 meters, even though the manufacturer in his brochure promises a quarter of a kilometer more.

General Tuominen emphasizes that antitank defense is the system from which the missiles strike farthest away. They hit armored tanks from a greater distance than could the accurately used 125-millimeter cannons. That is why the infantry inspector does not subscribe to the old saying that the best defense against an armored tank is another armored tank. Maybe this is a slogan developed by members of military tank crews.

Missile Also Strikes in Dark

Darkness does not prevent the missile from hitting its target, any more than bad weather does. If someone is surprised when the antitank missile strikes, he can only wonder where it came from, says Major Hakala. He gives no further details on how the missile strikes successfully in the dark. But infrared light, light-reinforcement devices, and utilization of heat emanating from the target are generally known methods, among others.

Not just anyone is qualified to be a missileman. Out of the 300 conscripts in Sodankyla, 20 intelligent and resourceful but coolheaded men will be chosen through tests for training as shooters and group leaders. Just eight will finally become shooters, states Hakala.

According to Major Hakala, a missile shooter must be trained like a violinist. Not by slogging uninterruptedly for days on end but by taking it a little bit at a time over a long period. Before a light infantryman is allowed to shoot a "hard" missile, he has an enormous number of simulator shots in addition to other training behind him. Hankasalmi lumberjack and light infantryman Veli-Pekka Pynnonen, who pierced the target with antitank missile 82, estimated his number of simulator shots at 1,500-2,000.

Helicopters Looked Into

While Finnish light infantrymen rush to the spot in a motortruck or a Pasi armored personnel-transport vehicle and erect their firing apparatus, more and

more countries have transferred part of their antitank missile defense to helicopters. The most recent to have done this is Sweden, which has ordered 50 helicopters as shooting mounts for its ITOW missiles.

The matter is also being looked into here, says Major General Tuominen, but at the same time he confirms that no decisions have been made. We are also following the development of "smart" weapons in the world. The Americans, at least, are running experiments on field-artillery grenades which contain a cluster of "miniprojectiles" which are directed at armored vehicles as much as 20 kilometers away. Tuominen stresses, however, that these kinds of exotic novelties will not be ready for use until about 20 years after their debut, if then.

Ceramics in Armored Tanks

Every Finnish man who has been in the military since the 1950s is familiar with the light and the heavy bazooka. Or, as the conscripts call them, the heavy and the damned heavy bazooka, since there is no such thing as a light bazooka. Bazookas are still effective and form an important part of our antitank defense where the terrain restricts one to shooting short distances. The heavy bazooka's accuracy has been improved significantly by equipping the bazooka group with a laser rangefinder.

Like other antitank weapons, bazookas are being improved all the time. General Tuominen points out that there is a continuous race between armored tanks and antitank defense.

When the hollow charges acquired additional penetrative power, the builders of armored tanks responded to the challenge with stratified armor. Placed inside the armor plate are layers of a ceramic substance which curbs the destructive power of the hollow charge's molten metal spray. This is why, in addition to hollow charges, tail-heavy, arrow-shaped, alkaline charges made of special metal--charges against which the ceramic layers inside the armor are nothing but paper--are used by the armored tanks against each other.

Alongside light bazookas, nonreusable bazookas are also used to some degree. This kind of weapon is like the early armored fist during the last war. When it is fired once, the shooter is left with a useless empty tube which he can throw away. Additional nonreusable bazookas are being obtained. Preparations are proceeding nicely, says General Tuominen.

Piled-up Charge Still in Use

Antitank defense would not be complete if the artillery was not provided with hollow grenades and all sorts of antitank mines for use against enemy vehicles.

Alongside mines which are buried in the earth, which sever the tank's crawler track, or which puncture the tank's bottom, there are flank mines. Sappers place these quite advantageously priced defensive tools in the likely path of the tank's attack. And when such a package is exploded by electricity beside a vehicle, the fragments penetrate the thickest sides of armor. The side of no tank is even 100 millimeters thick, which the mine's 12-kilo explosive charge will pierce at a distance of up to 30 meters.

But what is the state of Molotov cocktails and piled-up charges, our early secret antitank weapons from the Winter War? Major General Tuominen smiles and says that even now men are trained to destroy paralyzed tanks with a piled-up charge. And Molotov cocktails seem to ignite vehicles easily, as we sometimes get to see on television news from around the world.

Birch cordwood, on the other hand, may have passed irretrievably into history. It is claimed that the placement of such wood between the crawler track and the wheels halted the advancement of many tanks during the Winter War, after which the men with piled-up charges and Molotov cocktails were able to take care of the rest.

12327

CSO: 3617/91

DETAILS ON LATEST ARMS PROCUREMENT PACKAGE FROM USSR

Helsinki UUSI SUOMI in Finnish 24 Mar 86 p 5

[Article by Jukka Knuuti: "Defense Forces Get Materiel--Tanks, Missiles--From Soviet Union for 2.2 Billion Markkas"; first paragraph is boldfaced lead-in in original]

[Text] The Soviet Union will supply the Defense Forces with materiel worth 2.2 billion markkas during the next 5-year period. During the final 5 years of the 1980s--christened the decade of the army--mostly antitank and antiaircraft materiel will be acquired, reports Lieutenant General Aimo Pajunen, an office head in the Defense Ministry.

Pajunen says that the modernization of armored tank equipment begun a few years ago will continue.

This may mean in practice that the armored forces will get more T-72 tanks in addition to those previously obtained. The T-72 is very modern. Its 125-millimeter cannon has an automatic loader, a laser rangefinder, and devices for operating in the dark. The tank can wade in water 5 meters deep, and it also has so-called stratified armor which withstands the most commonly used antitank projectiles better than mere steel.

The rest of the armored tank equipment may be MT-LB transport tanks and BMP-1 assault tanks. In addition to its crew, the former transports 11 infantrymen with their weapons, and the latter transports 8 men. The BMP also has a 73-millimeter cannon. The Defense Forces have presented these three tanks during recent exhibitions.

General Pajunen said that antitank missiles are also included in the acquisitions. The missile may be antitank missile 82, which is already used in Finland and which was introduced to the press for the first time last week.

Both missiles and cannons may be included in the antiaircraft materiel to be acquired. We already have in use both missiles employed by troops and shot from the shoulder and ground-to-air missiles shot at great heights to protect Helsinki. The missile shot from the shoulder is missile 78 in Finland. The so-called NATO name for it is SA-7 Strela. The ground-to-air missile is known by the name of missile 79 in Finland. Its NATO designation is SA-3 Goa.

According to Pajunen, the supply contracts now signed do not encompass the antiaircraft missiles which Lapland needs and which are currently not to be found at all in Finland.

The acquisitions also include smaller quantities of materiel for the naval and air forces, even though there are no new airplanes, for example, on the lists, according to Pajunen. The acquisitions are concentrated on the army's needs in accordance with the proposals of the third parliamentary defense commission.

12327

CSO: 3617/91

BRIEFS

NEW HELSINKI CLASS BOAT--Our fleet of missile-equipped boats was supplemented by another vessel when Wartsila's Helsinki shipyard delivered an OULU unit (construction number 468) on 1 October 1985. The primary armament is a Swedish-made missile battery. The missiles are RSB-15 sea-launched missiles (with the additional marking SF) modified for our use. At this writing, their installation has begun on just the first vessel of the series. The weapon is brand-new and provided with the most up-to-date technology. Compared with the famous Exocet missile, this has, among other things, a noticeably longer range. [Text] [Helsinki NAVIGATOR in Finnish No 3/86 p 15] 12327

BORDER GUARD GETTING BOATS--The light coastal patrol boat TIIRA was the first of the border guard's vessel-class acquisitions to arrive. The new structure 364 from Valmet's Ship Industry was finished on 1 November 1985. It is intended for the subaqueous and surface surveillance of Finland's territorial waters. Two vessels yet to be completed and the prototype vessel Lokki, which was obtained much earlier, will replace the superannuated patrol vessel series of the Koskelo class also built by Valmet. The vessel is made entirely of aluminum and reaches a speed of more than 25 knots. In comparison with the prototype vessel Lokki, which was acquired in 1981, the hull has now been made somewhat wider. An external change in the side profile is that the waste gases are now conducted into the smokestack instead of the rearview mirror. Technical data: construction number 364; maximum length 26.8 meters; width 5.5 meters; lateral height 3.0 meters; power 1,680 kilowatts; speed 25+ knots; crew 8; price 11.8 million markkas. [Text] [Helsinki NAVIGATOR in Finnish No 3/86 p 15] 12327

CSO: 3617/91

NEW ARMY TARGET-PRACTICE SYSTEM DESCRIBED

Lisbon DIARIO DE LISBOA in Portuguese 7 Mar 86 p 6

[Text] The Portuguese army is to be equipped with a laser-based firing simulator which will make a great saving in ammunition possible during training, as well as making tactical exercises for small units safer and more efficient.

This simulator, which is being perfected by the National Defense Industry (INDEP), with technical assistance from the LNETI and a private enterprise (EID), is more sophisticated than the similar apparatus being used in the NATO countries.

"The army decided on this more expensive and sophisticated system in order to enable our domestic industry to develop an advanced technology which would make it competitive on the international market with the export of the simulator," the ANOP was told by a general-staff spokesman.

The system consists basically of a low-power laser emitter placed on the weapon in alignment with the sight, and a series of detectors placed above the target. If the shot fired is a "hit," the laser beam reaches one of the detectors and activates a "beetle" which begins to emit a continuous signal. If the shot razes the soldier targeted but is not a hit, an intermittent signal is emitted.

An electronic scoring system makes it possible to establish very exactly which of the two "warring" forces suffered more casualties, and this makes the training of recruits and the checking of results more efficient.

In the training phase for firing weapons, a military technician emphasized to the ANOP, "each soldier can fire thousands of 'shots' without using a single bullet. The simulator does not do away with the use of real bullets in training entirely, but it avoids the waste of ammunition and provides greater efficiency at lower cost."

To judge from the results obtained in other countries using target-practice simulators, this technician told the ANOP, the new system to be introduced before the end of this year may effect a saving of 30 to 40 percent on 7.62 caliber ammunition.

The annual consumption of such ammunition in training with the G-3 rifle and the HK-21 machine gun, currently comes totals 4 million cartridges.

"Later, when the use of the simulator is more widespread and the results have been assessed, we may effect an economy of 50 percent of the ammunition. However this will not be possible in the very first year," our informant said.

In an initial phase, plans call for the manufacture of about a hundred of these simulators, and they will be under centralized administration, being made available to the various units on a rotating basis accordance with a schedule still to be established.

In a later phase, the simulators will be mounted on the guns of combat vehicles and other heavy weaponry, such as mortars and antitank weapons.

"Since a grenade for a combat vehicle costs about 12 contos, the extent of the usefulness of the simulator in target training with these weapons is obvious," the general-staff source said, adding:

"On the other hand, the more limited the need for live ammunition in training, the lower the risk of accidents, both for soldiers and the civilian population of the zone itself, will be."

The economy in ammunition will be noted in particular in the training of special troops which, because of their particular characteristics, need intensive training, and may use as many as 5,000 cartridges per man in instinctive-firing practice.

Currently, the only possible economy measure where light weapons is concerned is reduction of the caliber used, with the cheaper 22-caliber cartridges being substituted for the normal ones.

"With the new simulator system, we will be able to offer training which is simultaneously safer, more profitable and more efficient, because with it we can link target-practice techniques with tactical considerations, and we will be able to assess the training level of the troops in the field under conditions similar to those of battle," this same source told the ANOP.

The ENE technicians have further emphasized that the laser beam used, because of its low power, does no damage to the human body, particularly vision, because the radiation emitted is in the infrared range and is invisible.

5157
CSO:3542/77

MILITARY BUDGET REDUCTION, BREAKDOWN ANALYZED

Lisbon TIEMPO in Portuguese 14 Mar 86 p 8

[Article by Gouveia de Albuquerque]

[Text] The year in progress will constitute a test of the capacity of the structures of the armed forces to reorganize, because of the strict budget the government has allocated for national defense. In fact, in terms of percentages, the portion of the state budget allocated to the armed forces is the smallest in 16 years.

As Table No 1 shows, a third of the state income was channeled to the armed forces in 1970. In 1986, national defense will account for only 6 percent of the state budget.

Analyzing this same table, we see that although in numerical terms the national defense budget shows ever higher values, which is understandable since it is necessary to keep pace with inflation, the importance of military expenditures as a part of the state budget has been ever smaller since 1970.

To justify this trend toward an increasing annual reduction in the weight of the military structure in state expenditures, it can be argued that the various governments have sought to reduce the machinery of the armed forces to a level acceptable for a poor nation which is not at war, as is the case with Portugal.

However, the statement that the Portuguese armed forces currently have a disproportionate structure in relation to the size of the country would be a dubious one.

If we examine Table No 2, we will see that Portugal falls within the group of European countries with the smallest percentage of military forces in relation to the population--0.6 percent. Greece, for example, with the same population as Portugal and a slightly higher standard of living, nonetheless has three times as many soldiers as our country. One cannot, then, regard the Portuguese armed forces as disproportionate to our national needs.

Where the Money Goes

The state budget for 1986, which the Assembly of the Republic will examine this month, allocates 1,600,000 contos to national defense. The largest slice will go to the army (40 percent), followed in order by the navy, the air force and the general staff of the armed forces. This distribution of funds to the various branches of the armed forces is substantially the same as in preceding years, since the military machinery of each is different.

Table No 3 shows that the greater part of the allocation for each branch of the armed forces goes to cover personnel costs (52.8 percent of the total). This category is followed by maintenance and operational expenditures, and finally, materiel and equipment. In other words, only a very small part of the military budget is allocated for the purchase of new defense equipment, or investment, since current expenditures, including personnel and maintenance, use up almost all of the budget.

A comparison with 1985 (again, see Table No 3) shows that the army and the air force will spend less money in 1986 on the purchase of new equipment than last year. The navy will be no exception to this rule, although the allocation is larger (6.7 as compared to 1.6 million contos). This is because this category includes a special sum of 5.1 million contos for the purchase of frigates from the FRG.

This is an aspect of our country's participation in an agreement by which the NATO countries will provide Portugal with military aid. In fact, Portugal is paying the equivalent of the price of one frigate but is receiving three. The other two naval vessels will be paid for by the FRG, the United States, the Netherlands, Luxembourg, etc.

The increase in the budget for this type of expenditures is, then, less than the rate of inflation foreseen for this year. The increase in expenditures on maintenance and operations is also lower, as a rule, than the 14 percent rate of inflation expected for 1986.

As to the third category, personnel costs, it can be seen that the budget is 15.3 percent higher than in 1985. However, since the increase in military pay came to 16.5 percent this year (as, moreover, did civil service salaries), the budget planned for this type of expenditure is inadequate as well, if the current structure is maintained.

This kind of national defense budget makes a strict reduction in all of the expenditures of the armed forces necessary. They will have to adopt a policy of optimizing the available resources and reorganizing structures. In truth, this will be a real test of the capacity of the armed forces, particularly since the expenditures which are obligatory and cannot be reduced (personnel, replacement parts, administration, etc.) play an ever more important role, because expenditures on investments (new equipment) are ever smaller. The imagination and the ingenuity of the armed forces in overcoming these difficulties will thus be put to the test.

From what this newspaper could learn, it was not easy for the government to decide on the national defense budget for 1986. Minister of Defense Leonardo Ribeiro de Almeida did everything possible to obtain a larger allocation. Minister of Finance Miguel Cadilhe went so far as to call a meeting with the military commanders for the purpose of explaining the situation to them. The military hierarchy saw, in the end, that although it is insufficient, this budget was the largest possible in view of the serious situation the country is experiencing.

According to these same sources, NATO has also indicated to the Portuguese authorities that it does understand this national defense budget, which will not allow for the modernization of the Portuguese armed forces. The fact is, other member nations of the Alliance are dealing with similar problems and have had to postpone the plans for modernizing and strengthening their military apparatus.

Table No 1

Development of the Defense Budget (ODN)
in Relation to the State Budget (OE)
(in millions of contos)

YEAR	OE	ODN	ODN AS % OF OE
1970	28 794	9 794	34.02
1971	32 049	10 756	33.56
1972	36 875	11 544	31.31
1973	43 596	11 888	27.27
1974	53 057	13 167	24.82
1975	75 378	17 132	22.73
1976	105 522	14 182	13.44
1977	159 173	17 864	11.22
1978	219 571	21 792	9.92
1979	283 395	27 896	9.84
1980	391 727	35 256	9.00
1981	490 016	44 081	9.00
1982	597 481	50 084	8.38
1983	772 520	58 245	7.53
1984	976 212	65 237	6.68
1985	1 320 578	85 500	6.50
1986	1 643 107	100 600	6.12

Table No 2

Military Troops as a % of the Population

COUNTRY	POPULATION	SOLDIERS	%
Israel	4 200 000	141 000	3,3
Libya	3 500 000	73 000	2,1
Greece	10 200 000	178 000	1,7
Bulgaria	9 000 000	147 300	1,6
Czechoslovakia	15 500 000	207 250	1,3
Turkey	48 600 000	602 000	1,2
GDR	16 900 000	172 000	1,0
Hungary	10 700 000	105 000	0,9
Egypt	47 200 000	460 000	0,9
Belgium	9 900 000	93 607	0,9
Romania	23 000 000	189 500	0,8
Poland	36 900 000	323 250	0,8
Sweden	8 400 000	65 650	0,8
Spain	38 800 000	330 000	0,8
Norway	4 100 000	36 785	0,8
FRG	61 400 000	495 000	0,8
France	54 600 000	471 350	0,8
Finland	4 800 000	36 500	0,7
Holland	14 400 000	103 267	0,7
Morocco	23 500 000	144 000	0,6
Algeria	21 700 000	130 000	0,6
Italy	58 000 000	375 100	0,6
Denmark	5 200 000	31 400	0,6
England	56 000 000	325 909	0,6
PORTUGAL	10 200 000	63 500	0,6

Table No 3

1986 and 1985 Defense Budgets

(in millions of contos)

(1985 values in parentheses)

CATEGORY	EMGFA	ARMY	NAVY	AIR FORCE
Personnel	2,0 (1,9)	32,4 (25,1)	16,1 (12,3)	12,5 (9,1)
Equipment				
Materials	0,7 (0,5)	3,7 (3,9)	6,7 (1,6)	2,3 (3,3)
Maintenance and Operations	2,7 (2,6)	5,3 (4,9)	6,9 (6,0)	8,7 (7,6)
TOTAL	5,4 (5,0)	41,4 (33,9)	29,7 (19,9)	23,5 (2,0)

EXPORT POTENTIAL SEEN FOR SAAB SEA TARGET MISSILE, ROBOT 15

Stockholm SVENSKA DAGBLADET in Swedish 1 Apr 86 p II

[Article by Erik Liden: "International Success for SAAB's New Coastal Missile"; first paragraph is SVENSKA DAGBLADET introduction]

[Text] SAAB has developed a new coastal missile which has attracted international attention. The Finnish defense forces will be the first customer in 1987 for the heavy coastal missile from SAAB Missiles in Linkoping at a cost of 300 million kronor. In 1988/89 the Swedish defense forces will buy the coastal missile at a cost of at least 400 million kronor.

A larger Swedish order in the 1990's will be worth a billion kronor if OB [Supreme Commander of the Swedish Armed Forces] Lennart Ljung has a hearing for his recommendation.

By this investment SAAB has won out over American missiles of the Harpoon-type, and is now investing in high-technology aircraft missiles with radar and IR guidance.

From the 1950's

The development of this surface target missile, Robot 15, which today is deployed aboard the Navy's 12 missile boats, will lead to an airborne attack missile for the JAS 39-Gripen and a land-based coastal missile. Today Sweden has a coastal missile battery from the 1950's in operation with a range of fully 8 land miles.

According to current OB plans, 2-6 coastal missile batteries will be part of the 1987 Defense Decision. Each missile costs at least one million kronor, so each shot must have perfect fire control from its ship, helicopter or land-based radar. Within the Navy the coastal missiles are competing with the new coastal corvettes which chief of naval operations Vice Admiral Bengt Schuback wants for antisubmarine warfare in addition to the six which have already been ordered at Karlskrona Shipyard.

In the 1982 Defense Decision the Riksdag decided that the Coast Artillery would have six amphibious battalions. These will include the light coastal missile Hellfire, combat boat 90 and amphibious vehicles. Prototypes of the

new combat boat are being built by Karlskrona Shipyard, Lunde Shipyard outside of Harnosand, Djupvik Shipyard in Bohuslan, one Finnish and possibly also one Norwegian shipyard. Procurement of 150 combat boats for nearly 500 million kronor will take place at the beginning of the 1990's.

Barter

The Norwegian interest is based on a possibility of barter for the 2,000 tracked vehicles which Norway purchased for 1.5 billion kronor from Hagglunds in Ornskoldsvik.

A defense decision between the Center Party's addition of 820 million kronor per year and the OB's own recommendation of an additional 1,800 million kronor per year creates the possibility for this purchase, either wholly or in part. An unchanged defense appropriation will cause the postponement of one or more projects.

Urgent

The coastal missile from SAAB will have a range of 10-12 [Swedish] miles, and is believed to be urgent in defense against invasion. The American Hellfire missile, which is being further developed by SAAB and Bofors has a range of only 6-8 kilometers and is intended for conflicts in the archipelago.

Previously Finland was not allowed to procure missiles under the terms of the Paris peace accords of 1947. This prohibition has now been softened. In 1984 Finland purchased Robot 15 from SAAB for fully 300 million kronor.

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CSO:3650/176

PSYCHOLOGICAL DEFENSE CHIEF URGES BALANCE IN FORCE PRIORITIES

Stockholm SVENSKA DAGBLADET in Swedish 25 Mar 86 p 3

[Op Ed Article by Sven O. Andersson, chairman of the National Psychological Defense Planning Committee: "Swedish Line Requires Credible Defense Policy"; first two paragraphs are SVENSKA DAGBLADET introduction]

[Text] It was necessary to decide to build the JAS fighter-bomber in order to maintain the credibility of Sweden's defense policy in the view of Sven O. Andersson, who charges that the Social Democratic hesitation with regard to the project created negative uncertainty.

Sven O. Andersson is chairman of the National Psychological Defense Planning Committee. He has been editor in chief of STOCKHOLMS-TIDNINGEN, among other things. Previous articles on this subject have been written by Sture Ericson (15 March), Carl Bildt (19 March) and Lennart Blom (21 March).

The striving for unity and consensus on foreign and defense policy that has been stressed by many people and has characterized the latest foreign policy debate in Riksdag does not mean that objective differences of opinion should be brushed aside or concealed under a cloak of conformist silence. The debate is the process that can enable us to arrive at the desired unanimity.

But the tone of the debate is also very important; the tone and the self-discipline of the participants in the debate. Thus it was with some surprise and a certain amount of sadness that I read Riksdag member Sture Ericson's article on this page (SVENSKA DAGBLADET, 15 March).

Not so much because his highly polemic article was published on the day of Olof Palme's funeral when the nation paused in a spirit of unity and reflection. The selection of the publication date must be regarded as an example of the debate editor's bizarre sense of humor or a crude insensitivity on the part of SVENSKA DAGBLADET's political editors.

No, the sadness was because Sture Ericson is so directly opposed not only in substance but also in tone and polemic method to the ambition that seems to have characterized the work of the Defense Committee lately.

It is true that the Conservative Party's leading spokesman on defense policy, Carl Bildt, can behave very provocatively in the debate. He did so, for example, in connection with the change in leadership of the Defense Committee and also wrote several articles in SVENSKA DAGBLADET which I disputed in my articles in OREBRO-KURIREN and GOTEBORGS-TIDNINGEN. And I can wonder about his motives, since at the same time Bildt claims to be working for a broad consensus on a new defense resolution on a higher level than we have achieved in recent defense resolutions.

Provocation

But that does not mean that one has to react to the provocation. And above all it should not lead anyone to continue the debate in the same or even more provocative terms.

Not even if one wants to prove, as Sture Ericson does, that our defense capacity has not been weakened, either in real terms or in relation to conditions in our region.

It is clear that Sture Ericson or anyone else who disagrees with me on defense policy can associate me with what Sture Ericson calls the "Conservative-military complex." And I am sure that Sture Ericson, who is quite knowledgeable and well-briefed on the material, can select figures and facts that I would have a hard time evaluating objectively from my perspective and with my more peripheral position in this context.

But I assume that the objective evaluation of Sture Ericson's statements and ideas will be made by the Defense Committee, where he sits as a representative of the Social Democratic Party. And it would surprise me if he emerged unscathed from this scrutiny.

It would also surprise me--and alarm me--to discover that Sture Ericson is representative of the assessments and views of the Social Democratic group on the committee or those of its chairman, Per Borg.

Traditional Policy

But I see no reason why I should stand aside politically. And I enter the debate, which does not affect me primarily in my present capacity, because I do not think that this matter should be discussed solely by Carl Bildt or by nonsocialist participants in the debate. There is another Social Democratic opinion besides the one presented here by Sture Ericson and someone ought to present it too.

And I feel that as I have done for many years in OREBRO-KURIREN and STOCKHOLMS-TIDNINGEN, I should present a traditional Social Democratic defense policy of the kind endorsed for decades after World War II by defense ministers like Torsten Nilsson and Sven Andersson.

This involves the traditional conclusion that the arms race between the superpowers and the drawing of rigid front lines in Europe and the rest of

the world between East and West require us to have a defense that is strong enough to make our declarations of neutrality credible in Moscow and Washington, so that Sweden can contribute to stability in northern Europe and minimize the risk of conflict on this section of the "front."

Our defense should also be strong enough to make it clear that a military attack on Sweden, no matter where it came from, would be such a tough military feat that the "opponent" would decide against it.

Thus it is good that Foreign Minister Sten Andersson is now scrapping the traditional ritual formula of "a strong defense in relation to our situation" and replacing it with what is really involved, namely "a strong defense."

Against this background I read with satisfaction the brief editorial in the latest issue of the Social Democratic publication TIDEN which stressed the traditional Social Democratic demand for a strong defense--one that is strong enough. Strong enough to carry out the immediate operational tasks involved in such areas as submarine defense as well as to lend credibility to our foreign policy and overlapping security policy.

The weakness in the TIDEN editorial lies in the periodical's fixation on the submarine violations and underwater defense.

Of course we need to reinforce submarine defense even if the reinforcement cannot be accomplished as quickly as a group of disgruntled naval commanders would like. Perhaps the present rate of reinforcement will be sufficient there too. That is something I am unable to determine.

But total credibility calls for a strong balanced defense, not just a strong submarine defense system and resources for effective sub-hunting efforts. And that is what should characterize the Defense Act that is now being prepared. Committee chairman Per Borg's remarks at the Central Organization of Salaried Employee's defense program at Foresta several weeks ago were worthwhile and heartening in this context. (But if one adds up the deficiencies he emphasized in the current military defense system, which is already strong in many ways, it is apparent that remedying them will not be cheap!)

For the credibility I am talking about here, I feel that such things as the decision to build the JAS fighter-bomber was extremely important--while the long Social Democratic hesitation on this created uncertainty. (Although now that we have the figures in front of us it does seem clear that it was a blessing that we abandoned the slipshod B3LA project which was started up for reasons that are debatable.)

This line of reasoning does not mean that one should automatically give the military everything it asks for. The funding level the supreme commander of the Armed Forces [OB] submitted to the Defense Committee seemed politically indefensible to me. This is true even if the military experts are able to prove that what they call the "gap" in development since the middle of the

1970's is as big as they claim. And it is quite natural that Lennart Ljung does not want to antagonize the chiefs of the defense branches a year before his departure by setting real priorities in this area.

Credibility in Jeopardy

Nor does it mean that the Social Democrats should capitulate to ultimatums on funding levels whether they are issued by the Conservatives, the Liberals or the Center Party. But it does mean that the Social Democrats should analyze the defense situation after years of what I feel were real cuts and a very severe process of internal rationalization on the part of the entire military establishment and this analysis must be carried out in such a way that its seriousness is apparent. It also means that the Defense Act that must be produced should not just be something the Social Democrats have been reluctantly forced to negotiate through because the others have already put their high cards on the table and we do not have an independent Riksdag majority.

Otherwise we run the risk of a very serious credibility crisis.

This is partly because the foreign policy line we have chosen with respect to the Soviet Union calls for this kind of credible Social Democratic defense policy.

Some of the dissatisfaction expressed and experienced by the sub-hunting commanders and other naval officers is based on the fact that they did not see a real interaction between a goal-oriented--Social Democratic--defense policy and a goal-oriented foreign policy.

And this is something that should be taken seriously.

Captain Hans von Hofsten and his articles are a different story, but it would take too long to expand on that here.

The bottom line for me is that a Defense Act that reverses the development of the last 15 years is objectively justified and important from the point of view of security policy.

That is what the TIDEN editorial is about. It is a refreshing signal of a more active point of view within the Social Democratic Party. But Sture Ericson's article, his line of argument and his polemic tone are disturbing in view of his position as a Social Democratic member of Riksdag and a defense analyst.

Social Democrat

I am writing this as a Social Democrat because politically I would like to see the Social Democrats take the offensive in shaping this defense policy instead of being forced against their will to offer one concession and compromise after another due to the fact that the party is unable to come up with the necessary parliamentary majority together with the Communists.

In addition if the government is to make its well-motivated foreign policy line on the Soviet Union credible and if it is to have the necessary freedom of action in such matters as the negotiations concerning Baltic Sea boundaries without antagonizing public opinion we must have a defense policy that is credible in the true sense of the word.

For me it is a meaningless semantic exercise to discuss whether foreign policy comes ahead of defense policy within the framework of our security policy--the important thing is that the well-motivated foreign policy line requires an active and offensive Social Democratic defense policy.

And I view the future with a certain amount of confidence. Even after Sture Ericson's article.

6578

CSO: 3650/179

NONSOCIALISTS ACT TO PREVENT FUNDS CUT

Stockholm SVENSKA DAGBLADET in Swedish 26 Mar 86 p 8

[Article by Erik Liden: "Nonsocialists Object to Defense Spending Cuts"]

[Text] All the nonsocialist parties on the Riksdag Defense Committee favor additional defense funding of 240 million kronor as early as this year.

This was evident from the fact that each party presented motions on the matter, as they did last year. Since the 1982 Defense Act was passed the Social Democrats have consistently cut defense spending limits by 240 million kronor in spite of the four-party agreement of March 1984.

According to the nonsocialist motions the money would be used to ensure that all the planned military refresher exercises are carried out. For the past few years the Navy has canceled refresher exercises.

More Exercises

Some of the proposals in the nonsocialist motions called for a higher level of preparedness in all branches of defense, better materiel, more exercises, more flight time and a general emphasis on better training. The Conservatives recommended giving the Army 110 million kronor and the Navy and the Air Force 65 million kronor apiece.

At the same time the Army's latest liquidity report showed a shortage of 235 million kronor, a result of increased benefits for conscripts and the induction of 1,500 conscripts in addition to the number originally called for in the 1985-86 budget year. Savings have been initiated and the Army leadership estimated that most of the shortage will have been offset by 1 July. For the time being the government is giving the Army extra price regulation funds, e.g. compensation for inflation.

6578

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RAIL INDUSTRY PROBLEMS, REORGANIZATION ASSESSED

Paris LE NOUVEL ECONOMISTE in French 14 Mar 86 p 59

[Article by Jean-Francois Jacquier]

[Text] Jeumont-Schneider, the second largest firm in the French railway equipment industry, is reportedly about to absorb Ateliers du Nord de la France [ANF] and De Dietrich, its remaining two partners in the consortium GIE Francorail. At least this is what Jean-Marie Metzler, the president and director general of the traction and mechanical division of JS, has said. Rather curiously, this report was denied by other leaders in this industrial group, who have confirmed that they continue "to support the GIE Group formula." The office of Edith Cresson, minister of foreign trade and industrial redeployment, has recognized that negotiations for a reorganization are under way and that "a redistribution of functions between JS, ANF, and De Dietrich will probably be essential."

Coming as it does on the eve of the French legislative elections, this confusion has again given rise to speculation on the future of the railway equipment industry. Some experts see in these developments the beginning of consideration of a broad restructuring program involving companies producing railway rolling stock. These are seen as the beginning of a new battle over the railroads, an economic sector which has been in crisis since the beginning of the 1980's and which, over the past 5 years, has already lost about 4,000 out of a total of 31,000 jobs.

The high speed train [TGV], the automated subway system, and the world railroad speed record--the railroad equipment industry is no longer thinking about its technological successes. French subway techniques have been adopted in Montreal, Mexico City, Santiago de Chile, Sao Paulo, Atlanta, Cairo, Caracas, San Francisco, and New York. In Africa, China, the Netherlands, Portugal, and Iraq thousands of locomotives and railway freight and passenger cars "made in France" are in daily use.

It makes no difference. In 1983 the French railway equipment industry declined from first to third place in the world, behind the United States and the Federal Republic of Germany. It had lost ground regularly since 1981, and its sales stagnated in 1985 at a level of 10.5 billion francs. The few large contracts signed over the past few months (300 locomotives for the People's Republic of China worth 2.6 billion francs and 95 coaches for the TGV

"Atlantique" train worth 7 billion francs) should not provide any grounds for illusions. These contracts, obtained by offering very low prices, made it just possible to avoid the worst. Furthermore, stable employment in 1985 was paid for by a drastic reduction in the hourly work week, which was set at 32 hours and even at 30 hours in certain factories. Unused productive capacity in the 70 companies engaged in the production of railway equipment whose output is being cut back is estimated at one-third of the potential capacity of the whole industry.

The explanation for the difficulties facing this more than 100 year old industry lies basically in the fragmented way in which it is structured. The SNCF [French National Railway Service] and the government have always kept two main railway equipment companies in business: Alstom and Francorail. Alstom, the leading company in France and in Europe, as well as the largest world exporter of railway equipment, which is 56.8 percent owned by the nationalized CGE company group, has total annual sales of 3.5 billion francs in the railway equipment sector. This firm, which led the way in the development of the TGV, is the stronger of the two. However, it would like to reduce the number of its workers in its factories in La Rochelle and in Raismes (Department of the Nord). Nevertheless, this proposal was rejected by the government.

ANF, De Dietrich, and Jeumont-Schneider, which were brought together under the Francorail joint venture arrangement, seem to be in a more vulnerable position. This consortium was created in 1972, particularly to negotiate sales abroad. It suffers from uncertain management, and its overall sales have reached a ceiling of about 3.2 billion francs. Now, to have a chance of surviving in the face of General Motors (in the United States), Siemens (in the Federal Republic of Germany), and Mitsui (in Japan), it would have to have overall sales of more than 4 billion francs, according to business specialists. This harsh reality is driving the industry toward further concentration. And developments in the market are making inevitable a more definite regrouping of French productive resources in this sector. French domestic markets are no longer large enough to keep the factories running. The RATP [Paris subway] and the SNCF have completed their equipment replacement programs. Competition is sharpening in the export market. In addition to strong competition, customers abroad are demanding additional concessions, the transfer of technology, and even investments in the development of their own railway equipment industries. The result is that many contracts are not profitable.

What's the solution? As in the case of the civil aviation industry, this involves the European market and the reorganization of productive forces in a real railroad consortium. The Northern European TGV project (scheduled for 1992) could speed things up. However, the condition for achieving this would be a solution to the "French" problem. Who will ultimately dare to tackle this problem head on?

5170

CSO: 3519/147

SOLLAC UNDERGOES ORGANIZATIONAL CHANGES

Paris LE NOUVEL ECONOMISTE in French 14 Mar 86 p 60

[Article by Claude Bunodiere]

[Text] After dealing with the problems of equipment and labor, working practices come next. At Sollac the idea has been floating in the air for 1 year: the best technicians in the world are perhaps not the best organized. The 1985 sales figures speeded up this process of reconsideration. With gross profits of only 5.5 percent, compared to 8 percent in 1984, whereas 12 percent gross profits are needed to cover all financial and amortization costs, Sollac ran up a 500 million franc loss which was included in the 5.1 billion franc loss announced by the Sacilor Group. Usinor is in the same position: the near balance expected between profit and loss on the sale of its sheet steel products in fact will turn out to be a loss of 400 million francs.

Self-Criticism

At Sollac the theme of the moment is self-criticism. Pierre Julien, secretary general of Sacilor admitted: "We have good products and a good market. However, we have not had good overall performance when other companies have done well. There is something wrong in our organizational setup."

The fresh look taken by Edmond Pachura, who came to Sollac in March 1985 from Renault Flins, is not a new element in this industrial examination of conscience. In the course of 1 year Pachura has raised some eyebrows. He concluded that the stock of raw materials on hand were too large and that there were too many production operations going on when demand was irregular. He brought in a process of checking quality at the end of the production line and not at every stage of production. He concluded that there were excessive stocks of finished goods on hand and too many people in the offices.

As Sollac's structure as a cooperative did not help in achieving results, the organization has just been changed. From now on Sollac will have control over all production and sales activities, while the establishment of Solmetal, the new, wholly owned subsidiary turning out sheet steel products will bring on the financial moment of truth. Regarding the excess number of employees, the boom has been lowered. Sollac will cut 1 700 jobs between now and 1988, in addition to the 1,100 jobs already scheduled to be eliminated.

Jullien explained: "We must lower the break even point to protect ourselves from market risks." Will the new investment of 700 million francs undertaken in January 1986 to provide for a "continuous mixed annealing" process be included in this policy of austerity? Sacilor swears that it will be. The government, as shareholder, is less convinced. Minister of Economy, Finance, and Budget Pierre Beregovoy said: "We have not agreed to anything, either in terms of reducing employment or investments." For its part the DIMME (Directorate of Metallurgical Industries and Mines) is concerned about both proposals. It considers that in 1985 it was agreed that Sacilor would have its sheet metal processed by Usinor, which has productive capacity available at Montataire and Marcyck.

This touches on an old argument. It wasn't yesterday, after all, that an investment program that would be "decisive for Lorraine" was approved, while at the same time a large number of jobs were eliminated. The idea which emerged in 1985 of combining the sheet steel produced by the two company groups was aimed precisely at avoiding this kind of confused discussion. However, Sacilor no longer wants to hear about it.

5170

CSO: 3519/147

CHANGES IN ECONOMIC AID TO COMPANIES FORESEEN

Paris LE NOUVEL ECONOMISTE in French 28 Mar 86 pp 92-95

[Article by Jean-Claude Hazera: "Enterprises: Who To Provide Aid To?"]

[Text] Exchange bonuses and subsidies of all kinds against tax reduction... To eliminate aid to enterprises is the utopia of beginning governments. To keep it at the level that works would already be not all that bad.

For 150 years, the Bezault company has peacefully manufactured door handles at Longue-Jumelles (Maine-et-Loire), a municipality of 7,000 inhabitants to which it provides 400 jobs. In a recent book ("1986: The Trap," Albin Michel), the mayor of this small municipality -- who is none other than Mr. Edmond Alphandery, an economist who was reelected 2 weeks ago as deputy (Barrist) of the department -- proudly revealed that in France one out of every two door handles is manufactured in Longue. But lo and behold, in order to facilitate the reconversion of Lorraine, the government granted special privileges (DATAR [Delegation for Territorial Development and Regional Action] subsidies, one-third exemption of social payments for 3 years) to a new company in Villerupt which is said to produce two-thirds of the production of Bezault.

There are enough stories like this that the France of politics and of the employers largely supports the new motto: one must e-li-mi-nate aid to enterprises, and specifically the aid from DATAR on which all criticism is focused (see table). Apparently, there is no longer any choice. Even before the elections, experts from the RPR [Rally for the Republic] and the UDF [French Democratic Union] explained that 15 to 20 billion francs from the 40 to 50 billion they hope to economize in 1987 will come from that item. The opposition will have a hard time challenging that orientation as Mr. Laurent Fabius started negotiations in 1983 with the CNPF [National Council of French Employers] on "simplification of aid and reduction of costs."

Challenge no, but snicker yes. Because the negotiation did not produce anything, except for an interesting study. The employers' experts agreed to recognize 15 billion francs as real "aid" to enterprises, the lowest estimate to date. The highest estimate remains that of INSEE [National Institute of Statistics and Economic Studies]: 113.9 billion francs in 1982. Nobody ever counts the same things in terms of aid. The CNPF, for example, does not consider aid to exports as aid to enterprises, but as aid "to the economy."

Negotiations or not, when Mr Pierre Beregovoy arrived at the Ministry of Finance in July 1984 he hurried to make spectacular cuts in bonus credits. It was necessary to take advantage of the drop in rates to stop the growth of bonuses, which already cost the state 45 billion francs of a 1 trillion franc budget (including the very extensive aid to agriculture and housing). In constant francs, in 1986 loans at privileged rates should represent no more than two-thirds of those in 1984.

Why is nobody protesting? "It is a question of principle, a bet on the future; in exchange, we are expecting cost reductions," explained Mr Guy Brana, vice president of CNPF. His organization intervened discreetly only to request a few adjustments.

A question of principle or a question of era? In spite of the reduction of items, there is no lack of bonus credits for investments, because they have been set aside for the PME [Small and Medium Size Enterprises], they explained at the Credit National. And what about the big enterprises? Because the demand for credit is low, they are currently able to get short term credit from their banks at rates below the bonus credit. In addition, those most affected in the flesh are the establishments specializing in the distribution of those public benefits. Mr Jacques Mayoux, president of the Societe Generale, found a motto for them: "Don't touch my tap."

Will the new majority be able to pursue this relatively painless amputation process? The Ministry of the Budget will in any case continue to benefit from the decisions made by the previous government. But it is not significant.

Threshold

If the 200 existing kinds of aid have become entangled in an inextricable snarl, then 200 pruning proposals should be able to overcome them. In reality, not a single study that refined has been prepared by the opposition. The method is theoretically possible, but definitely painful. Thus, the report presented to the Economic and Social Council [CES] in February by Mr Jean-Pierre Aubert, president of CEPME, pinned fiscal aid to fuel and raw materials economies, which could be eliminated because they have not gone beyond a significant threshold (0.9 billion). The CNPF had noticed, for example, a "special loan provision granted to a wage earner who starts his own business" which had been applied twice in 4 years... Let us eliminate it. But small scale aid... makes small scale economies. The CES report stressed that in terms of tangle, 20 percent of the rather well known kinds of aid represent 80 percent of the expenditures.

Let us consider the 101 billion francs in "economic interventions" in the 1986 budget which the experts of the new majority discussed when they were in the opposition. Yet another way to count the "aid." It includes 16 billion francs in various aids to agriculture, 6 billion in construction bonuses, a good 30 billion in employment aid -- of which more than 22 billion is allocated to the National Employment Fund -- which in fact represents the social cost of the restructuring, 17 billion for the railroads, 12 billion for "loan costs of an economic nature," 7 billion for the coal mines, etcetera.

So far, Mr Alain Juppe, the new minister of the budget, who has been most specific about the new majority's intentions, has spoken primarily of raising public rates in order to reduce the cost of certain public expenditures. He is somewhat obsessed by the example of RATP [Independent Parisian Transport System]. But Mr Alphonse, applying this reasoning to the largest budget eater, the SNCF [French National Railroads], figured that to economize 3 billion francs it will be necessary to increase rates by 5 percent, close down quite a number of secondary lines, and eliminate 7,000 jobs. Good luck! Mr Juppe or his friends would certainly not give billions to La Chapelle-Darblay. But would they have refused 4 billion francs in bonus credits arranged in 1984 for Michelin, a notorious enemy of state intervention in its affairs, which needed it badly in order to pull through a bad time? Will the new majority be swifter than the old in closing coal mines or shipyards? Three days before the elections, Mr Juppe was explaining why it would be necessary to quickly enact budgetary extensions: "Without them, the Dunkirk shipyards will be closed before the end of the year."

Ideas which are likely to raise the hairs on the heads of the watchmen of the Commission in Brussels, the big monitor and destroyer of aid which, with the support of Germany, is determined progressively to reduce aid to shipbuilding as it has obtained the reduction of aid to the steel industry. Monitoring by the EEC, GATT or gentle competitors such as the American aeronautics industrialists, who worry about what Airbus might cost the European taxpayers, partly explains the fact that aid is often camouflaged. The truth is that all countries practice it in comparable proportions. According to the EEC, aid to enterprises represents 1.9 percent of the gross domestic product in France, 1.4 percent in the FRG, 2.3 percent in the very liberal United Kingdom and 1.7 percent in the United States. To eliminate it more rapidly than the others would be naive. Especially if it has a direct impact on the competitiveness of our products such as aid to exports and aid to research.

Finally, the only aid that could be and should be eliminated -- at least to finance what is created elsewhere -- is the dinosaurs, aid no longer adapted to the constraints and priorities of the moment. During a period when nominal tax rates were declining, Mr Beregovoy eliminated certain bonuses invented by Mr Jacques Delors at a time when the rates were the highest. Nothing is lost, everything is transformed.

With a major basic trend: aid through subsidies and bonuses became outmoded to the benefit of fiscal aid through tax reductions which, in 1983, according to the EEC, represented only 19.6 percent of all aid in France as against 47.9 percent in the United States, even though the finance bill compiled 150 "fiscal expenditures" to the benefit of enterprises. President Ronald Reagan's tax reform project tries to eliminate many of them and France is likely to follow belatedly a somewhat outmoded fashion. Although the supporters of this evolution, whether the CNPF or Mr Valéry Giscard d'Estaing, are in favor of the most general tax reductions such as the research tax credit or the provision for establishment abroad.

FASHIONABLE AID

<u>Nature of Aid</u>	<u>Trend</u>	<u>Conditions</u>	<u>Office</u>
Repayable advances for research and innovation.	Innovation remains fashionable and ANVAR [National Research Development Agency] is undoubtedly the only government aid distributing body which could pride itself on being considered effective by everybody.	On a case by case basis, in function of the projects but also of the health of the enterprises which represent them. Response within 2 to 3 months.	ANVAR is decentralized into regional offices, but also through the intermediary of some banks, specifically CIC and BNP.
Research tax credit.	Probably the fiscal measure of the socialist legislature most appreciated in the enterprises.	50 percent of the growth of research spending from one year to another, with a ceiling of 5 million francs.	No preliminary authorization, hence no office, which represents all of its appeal.
LMBO or RES (see issue No 476 of LE NOUVEL ECONOMISTE: "How to Buy an Enterprise from your Employer?")	The transfer of enterprises is the most fashionable concern and will remain so in the future because the problem is real.	Submitted to the approval of the service of tax legislation, which greatly limits its development.	Specialized subsidiaries specifically of Credit National, CEPME, Paribas, Suez and BNP.
Loans to individuals who take over or establish enterprises.	SOFARIS, encouraged by the Department of Finance, has guaranteed as many of them in 1985 as during the 5 previous years.	Case by case. The personality of the person who is taking over or establishing the enterprise is, of course, determining.	More or less everybody and specifically the BNP and Credit National.
Regional Bonuses for the creation of enterprises and for employment.	With the 1982 decentralization law, the state has given the local communities power and money, which is not unanimously appreciated.	From 10,000 to 40,000 francs per job created, not to be cumulated with the regional development bonuses, that is to say state aid.	The regional councils which in 1983 distributed nearly half the aid of the local communities to enterprises.

FASHIONABLE AID (Continued)

<u>Nature of Aid</u>	<u>Trend</u>	<u>Conditions</u>	<u>Office</u>
Own funds.	The proliferation of specialized bodies indicates the scope of the fashion due to the exhaustion of the enterprises' capacity for indebtedness, but not necessarily that of the real available capital.	Present good prospects of profitability and of "output" for the investor.	The Institute for Industrial Development, regional development companies, regional participation institutes, common funds for risk bearing investments, etcetera.

OUTMODED AID

<u>Nature of Aid</u>	<u>Trend</u>	<u>Conditions</u>	<u>Office</u>
Regional Development bonus.	The idea that the state encourages enterprises to move from one location to another in the country is increasingly outmoded and criticized, and the ceiling for this budget is below 1 billion francs.	From 35,000 francs to 50,000 francs per job created in areas considered priority areas.	The regional council with the advice -- important -- of the commissioner of the Republic, and back to Paris, to DATAR, for the important files.
Loans to enterprises in trouble.	The sharp phase of restructuring is over. CIRI has fewer files and fewer FDES loans to dis-tribute (0.5 billion). The "oxygen tank" and support to "lame ducks" are poorly thought of.	Only industrial enterprises and sometimes public works enterprises, have a right to those loans, which are among the last to be directly financed by the Ministry of the Budget.	CODEFI, at the general treasury, for enterprises of fewer than 250 people. CIRI in Paris, at the Ministry of Finance, for over 400 people; and CIRI for in between, in the regions where it exists.

OUTMODED AID (Continued)

Nature of Aid	Trend	Conditions	Office
<p>Bonus loans for investments at 9.25 percent.</p>	<p>The item dropped from 20 billion francs in 1984 to 12 billion in 1986 and as the rate did not follow the general tendency to decline, it is less and less interesting.</p>	<p>Henceforth the state reserves bonuses for enterprises of less than 1 billion francs in real capital and has reramed them bonus loans to PME's.</p>	<p>The traditional offices including Credit National and CEPME, but the banks also took some out this year in the amount of 2 billion francs.</p>
<p>Participation loans.</p>	<p>Participation government loans (CIDBE, CIFA, CIACA) have been eliminated, as well as participation loans simplified for the PME's. Banks extend fewer of these.</p>	<p>Available to enterprises of less than 500 million francs in real capital in all sectors, these "quasi-own funds" are distributed at set rates on the order of 12.50 percent.</p>	<p>The banks, which are guaranteed by SAFARIS.</p>
<p>Export insurance.</p>	<p>Without once again questioning the principle of guarantees to the exporter, the state seeks to limit its risks and its costs for us.</p>	<p>More expensive rates, stronger franchises or stronger non-guaranteed quotas. Less protection for risky sectors such as construction and public works.</p>	<p>COFACE.</p>
<p>Bonus export credit.</p>	<p>The state takes advantage of the rate decline to economize by eliminating or limiting certain bonuses.</p>	<p>No more set and uniform rates.</p>	<p>The banks, which should in principle compete with one another and, in the last recourse, the BFCE.</p>

To be able to benefit from a tax reduction, you have to make profits; hence, aid will be concentrated on enterprises which are healthy or in temporary difficulty at the expense of the "lame ducks."

Fiscal aid is appealing also because it eliminates any preliminary agreement and, of course, the files, the offices and the officials who go along with it. In a thick study of "subsidology," the art of the American style subsidy hunter, the Borloo business law firm amused itself with quoting in their entirety the 7 pages of conditions for the granting of regional aid to employment. The worst of it is that, according to the Ministry of Finance itself, "the oversight of commitments made by the enterprises is not equally ensured and the sanctions not always implemented."

Close the offices then? Then why has Mr Jean-Marie Rausch, president of the Lorraine region, with great pomp and ceremony just signed an agreement which multiplies them by transforming the banks of the region into procurers of deserving PME's? The truth is that a good office can do a great deal for a good PME. A first piece of aid may establish the credibility of an enterprise and release a cascade of other kinds of aid, noted the Borloo firm. While we are waiting for risk bearing capital or banks to become a standard of French life, it is useful.

To economize on aid to enterprises will be very difficult. To reserve them for those that are working or could be working would already not be all that bad.

8463

CSO: 3519/148

FIAT DENIES LIBYAN INTENTION TO SELL COMPANY SHARES

Rome LA REPUBBLICA in Italian 21 Mar 86 p 38

[Article by Salvatore Tropea: "Flat Denial by Corso Marconi, Libya Is Not Abandoning FIAT; Yesterday Rumors Were Circulated about al-Qadhafi Quitting the Company"]

[Text] Turin--Yesterday morning FIAT shares shot up to 11,200 lire, only to settle later at 10,950, though with a new substantial rise of 7.8 percent. Causing this umpteenth increase, in addition to the now customary trend of the market, were reports from London, cited in a dispatch in IL SOLE 24-ORE, that the Libyan partner was preparing to withdraw from the FIAT capital.

We did not have to wait for Corso Marconi's denial. FIAT categorically denied that the Libyans had sold their capital share in the group, and added that it was not aware that LAFICO (Libyan Arab Foreign Investment Company), the holder of the share, had any intention to transfer it. Before leaving for the United States, the director general of FIAT, Cesare Romiti, while entrusting to a spokesman the task of making the denial, made clear that the rumors from London or other more or less authoritative sources were without foundation.

In this situation, it turns out to be difficult to establish to what degree the reports from London reflected the truth, or, conversely, how much they were the product of not entirely disinterested operations, and seeking to give substance to illusions. According to financial circles in the city, the exit of Arab capital from FIAT has already been accomplished. The operation, prepared by the commercial bank Lazard Freres, which yesterday issued its own denial, with the cooperation of Gemina and International Holding FIAT, reportedly involves temporary assignment of shares to a holding company to subsequently be redistributed to new "friendly" partners of FIAT. The cost of this would be about 3 trillion lire.

The fact that FIAT intended to separate from its Libyan partner has been known for some time. It may be that it is succeeding in doing so. That the Libyans had intended to encourage this plan is questionable, however. And since in this kind of business for one to buy there has to be someone willing to sell, it is frankly not clear how there can be so much certainty on the part of those who maintain that an agreement in this respect could be announced in a few days.

Circles of the Libyan-Arab Foreign Bank, which originally held the shares in question before they were turned over to the LAFICO industrial holding company, do not seem to attach particular credence to these reports, and imply that the Libyans are today less than ever inclined to give up their FIAT share. This participation in FIAT has always represented for al-Qadhdhafi a kind of passport that gives him an authoritative presence in the capitalist countries of the West. And it is rather unlikely that he would want to get rid of them while the American fleet is cruising off Sidra.

Despite the failure of the wedding with Ford, FIAT continues to pursue a policy of international alliances that tends to favor the American participants. Negotiations are underway with British Ford for a joint FIAT-Ford company in the industrial vehicle sector. FIAT is continuing to negotiate with the French of Matra to establish a company in the field of components. Currently it is unlikely that the Libyans, who are the second partner in FIAT after the Agnelli family, would give up this opportunity to strengthen their presence in the West, even for a big fistful of dollars.

In March of 1977, the Libyan Arab Foreign Bank bought 20 million ordinary shares of FIAT and 10 million preferred shares at 6,000 lire each for a total of 180 billion (at that time the FIAT share was at 2,000 lire, and became 2,400 immediately after the transaction). In March of 1981, following a capital increase, the Libyan share rose to 57 million ordinary and 29 million preferred. With the big increase in 1984, to which they duly subscribed, the Libyans brought their participation to 205 million ordinary shares (15.19 percent) and 88 million preferred shares (13.08 percent).

This holding in the FIAT capital earned the Libyan partner in 1984 a profit of 32 billion (it will be higher in 1985). However, this is perhaps the less interesting aspect. The crux is something else: the current market value of the Arab share, which is now about 3.5 trillion. It is rather unlikely that the Libyans could find a higher-yielding investment, and even more improbable that FIAT has such a large sum of money to be able to redeem the share.

It is true that Gemina has on hand about 450 billion from Montedison to spend, and that according to the intentions of lawyer Agnelli it is to become the biggest Italian merchant bank. However, for the moment its financial capabilities are not such as to enable a solo attack on the al-Qadhdhafi stronghold. Yesterday, it was said that FIAT might be intending to quicken the pace and conclude the operation as soon as a share reached 12,000 lire. However, here, we are in the realm of conjecture. More plausible appears the strategy under which Agnelli and Romiti would commit themselves to finding the resources necessary for ousting the Libyans by mobilizing international funds. And we know that the American investors have showed a lively interest in the Corso Marconi group for some time. However, if this is the case, they will have to assemble a substantial nest egg, because al-Qadhdhafi will certainly include in the balance tray the overprice that he paid when FIAT was desperately in need of funds. And this means that the course is at the very least more complicated than one would have us believe.

9920

CSO: 3528/117

OECD REPORTS LARGEST TAX INCREASE AMONG WESTERN COUNTRIES

Rome LA REPUBBLICA in Italian 5 Mar 86 p 6

[Article: "Income Taxes a Record in Italy"]

[Text] Rome--Italy is the western country in which personal income taxes have risen the most in the last 20 years. Between 1965 and 1983, in fact, personal income-tax incidence in Italy has risen from 3 to 11 percent of gross domestic product, increasing to almost fourfold (by 266 percent). This information is contained in a voluminous report on personal income-tax systems in 24 OECD (Organization for Economic Cooperation and Development) countries, published in the past few days by the Organization.

From the rankings drawn up by OECD, it appears that, after Italy's the most consistent increase in personal income taxes as a proportion of gross domestic product (GDP) was recorded, with 200 percent, by Spain (from 2 to 6 percent of GDP), and by Ireland (from 4 to 12 percent). Italy, despite having registered the biggest percentage increase in personal income taxes as a proportion of the country's "wealth," is slightly below the OECD average (which is 12 percent). The only country to record a reduction over the past 20 years is Norway (from 13 to 12 percent of GDP), while the countries with highest proportion of personal income taxes are Denmark (24 percent), Sweden (20 percent) and New Zealand (19 percent).

The OECD report was compiled, as experts of the organization state, despite the fact that many countries (and among them Italy, with the Visentini decree-law, which is to be taken up by the government this very day) are preparing to revise their personal income-tax systems.

Although there has been a constant tendency toward increases in Italy (one percentage point of GDP more each year from 1979 until today), in the majority of western countries the personal income-tax "burden" on gross domestic product has remained stationary or has even been falling in the most recent years. The report, which analyzes country's fiscal system in detail, comparing them with one another, also looks into the weight that personal income taxes have within each of the various fiscal systems. From this comparison emerges the fact that, in Italy, personal income taxes represent 28 percent of tax revenues, a percentage below the average for OECD countries (which is 32 percent). The extremes range from 60 percent for New Zealand to 13 percent for Greece and France.

In regard to Italy, it is stated that "on the occasion of the debate on the government's decree on personal income taxes, the Liberals are asking Minister Visentini to pronounce himself in favor of the law to exempt profits reinvested in a business from tax." The request was drawn up by the PLI's economics spokesman, Beppe Facchetti, who states that this rule, "originally contained in the personal income-tax bill, has since disappeared from the corresponding decree."

13070/12859

CSO: 3528/106

BRIEFS

STATISTICS ON SIZE OF ENTERPRISES--According to a study by "Marktest," 72 percent of the Portuguese enterprises employ less than 10 workers, whereas only 3 percent have more than 100 workers. In addition to that, 40 percent of the enterprises operating in continental Portugal are involved in "wholesale and retail trade, restaurants, and hotels," as against 25 percent in "processing industries," and 15 percent in "services." These data are contained in a study prepared by "Marktest," a market research enterprise; they are based on data taken from the personnel charts sent in to the Labor Ministry by the enterprises. All other activities account for less than 10 percent, each, and less than 20 percent, out of the total. A breakdown of employment figures shows that the vast majority of the enterprises, in other words, 72 percent, have less than 10 workers, whereas only 3 percent employ more than 100. With the exception of "electric power, gas, and water," the situation is identical for all activities and the share of the big enterprises ranges from 0 to 6 percent. The "processing industries" show the smallest share among small enterprises, with the same exception. [Text] [Lisbon O DIA in Portuguese 1 Apr 86 p 4] 5058

FIGURES SHOW RISE IN BUSINESSES--At the end of 1985, around 750,000 companies were registered in Portugal, among whom 79,000 are new individual entrepreneurs, according to information supplied by the National Statistics Services. According to that agency, there was an increase of around 15.1 percent in the number of registered companies compared to the year before. On the other hand, the number of registered associations went up from 161,698 to 182,708, in other words, about 21,000 new registrations, or an increase of more than 100 percent compared to the change of the year before. Out of the 750,000 outfits, 91.42 percent are operational, 1.23 percent are in the process of being established, and the remaining units are inactive, dissolved, or extinct. Among the 678,533 that were operational, 532,125 were entrepreneurs and 104,047 were commercial companies. The latter are divided into 607 companies with firm names, 2,312 corporations, 3 limited partnerships, and 101,125 stock companies. Out of the total number of entities registered, 49.7 percent are involved in wholesale and retail trade, 14.7 percent are in the processing industry, 11.3 percent are in construction and public works, and 11.1 percent are in services. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 4 Apr 86 p 4] 5058

CSO: 3542/82

BUSINESS LEADERS HOPE CARLSSON VISIT SPURS USSR CONTRACTS

Stockholm DAGENS NYHETER in Swedish 9 Apr 86 p 8

[Article by Kaa Eneberg: "Before the Moscow Visit--Swedish Firms Wagering on the Soviets"; first paragraph is DAGENS NYHETER introduction]

[Text] Prime Minister Ingvar Carlsson is going to Moscow next week with probably the largest representation that Swedish business has ever sent eastward.

Nine heads of major Swedish firms will accompany. They all have high hopes of new Soviet business and are well acquainted with Soviet leader Mikhail Gorbachov's speech to the recently completed 27th Party Congress.

Also accompanying will be Minister of Industry Thage G. Peterson and Under Secretary Carl Johan Aberg.

Their task as chairman and vice chairman respectively of the mixed Swedish-Soviet Trade Commission is to smooth the way for the trade which through the years has been impeded by, among other things, the high interest rates in Sweden. For example, it will be necessary to induce the Russians to extend the almost one-year-old ECU agreement which last year increased Sweden's competitive ability on the Soviet market and led to several large contracts.

Better Situation

Aberg pointed out, however, that even though an extension of the ECU agreement is important, the Swedish interest situation is not so favorable as it was when the agreement was concluded in May of last year.

At the office of Swedish Export Credit, Bo Marking, who is also going with the delegation, stressed the importance of a new agreement.

"As long as we could only offer kroner credits we could not do business with the Soviet Union."

Sverker Martin-Lof, managing director of Sunds Defibrator in Sundsvall has used the agreement to win two large projects worth a total of half a billion kroner, and he sees the extension of the agreement as absolutely necessary.

Otherwise he sees no point in going, said Martin-Lof.

The possibilities of increasing Soviet business are overshadowed, however, by sinking oil prices which experts believe must have an impact on the Russians' ability to really increase their industrial investment.

The Problem of Oil

The price of oil combined with reduced access to Russian oil and their increased costs of production are mentioned as problems by Per Skold. He is busily engaged in Soviet trade as the Swedish head of a subgroup of the mixed commission. In his capacity as chairman of SSSAB he also brings "thoughts and ideas" which he believes can be of interest to the Russians. SSSAB has few business dealings with the Soviets.

Skold does not consider those who anticipate writing contracts in Moscow as too optimistic.

"On the contrary, they are assigning great importance to writing contracts under these conditions. I think it would be strange if it did not result in contracts."

The heads of firms have had contacts with high Russian officials before the visit to Moscow, which is unusual. Visiting head of government Nikolay Ryzkov extended an invitation at Palme's funeral to the heads of firms to the Soviet Embassy for what was described as a "briefing" before the prime minister's visit.

Several of them say it is extremely valuable to get to accompany the prime minister. That gives the opportunity for contacts at the highest Soviet level, which is otherwise difficult to arrange.

The demand for reciprocal purchase--pure exchange of goods--has always been strong from the Soviet side, and the difficult economic situation is expected to increase the pressure. Per Skold believes, however, that there are new formats to discuss in Moscow "which are interesting for us and acceptable to the Russians."

Several heads of firms see business possibilities in Mikhail Gorbachov's explanation of his program in the speech to the Party Congress on the necessity of industrial modernization.

Alfa-Laval AB hopes to conclude an agreement for an additional dairy farm, and will participate in the modernization of the food production industry which is included in the new five-year plan, and which was especially mentioned by Gorbachov.

The firm recently concluded a contract for a large dairy farm in Moscow for 300 million kronor. Alfa-Laval has been a veteran on the Soviet market since the 1920's.

Soviet Veteran

Another veteran is A. Johnson Co. which was the first Swedish company to do business with the Soviet state. For decades the firm has discussed participating in and modernizing the cellulose factories which were delivered during the 1960's and 70's. Managing director Goran Ennerfelt sees the visit as a possibility for resuming the discussions.

Swedish shipyards have made offers to modernize the soda pans in the Russian cellulose industry and they are also considering plans to "place certain manufacturing in the Soviet Union." Furthermore there are plans to rebuild old ships at Cityvarvet in Gothenburg.

Sunds Defibrator, which among other things delivers machinery for the paper industry in the Soviet Union is hoping for Russian interest in improving old installations from an energy/economic and environmental standpoint.

"Theoretically they are of course far ahead and have of course for a long time had more environmentally friendly oxygen bleaching instead of chlorine bleaching," pointed out Managing Director Martin-Lof.

Managing Director Soren Gill, Procordia, hopes to be able to conclude negotiations involving different sections of the group of state companies. The same applies to the welding equipment company Esab, the managing director of which, Bengt Eskilson, hopes to write a contract for welding equipment for a factory in Gorki.

Also accompanying will be Sandvik AB's P-O Eriksson and Nobel Industries' Anders Carlberg.

The criterion for going with the group is to already have considerable business with the Soviet Union. All the heads of companies in Moscow will, however, have the assistance of other directors from their firms. They will be participants in a regular trade delegation of about 70 people which is being arranged by the Swedish Export Council.

9287

CSO:3650/176

ENERGY MINISTER DAHL ON NUCLEAR ENERGY, SOLAR POTENTIAL

Stockholm DAGENS NYHETER in Swedish 4 Apr 86 p 8

[Article by Ake Ekdahl: "Birgitta Dahl on Nuclear Power, Pollution and Rivers: 'We Can Accomplish the Three Goals'"; first paragraph is DAGENS NYHETER introduction]

[Text] "It is a defeat for traditional energy cooperation. But necessary for getting everyone to follow the rules of the game." That was how Minister of Energy Birgitta Dahl described her decision to propose a law in the spring which would prohibit new construction of nuclear power plants.

The decision was forced by the start of a project by Oskarshamn Kraftgrupp AB called project 04 which was interpreted as a preparation for their fourth nuclear power plant, the thirteenth in the country.

The new law will be a signal to nuclear power supporters as well as opponents about the government's serious intention to put an end to nuclear power in accordance with the referendum, said Dahl.

Get Angry

Both sides have accused the energy minister of lack of credibility, ability and desire to carry out the decision. This has made Dahl angry.

The minister of energy will not point out the circles within the industry who are conducting the campaign against the government's energy policy, but she calls them "yesterday's saints." It is the industry representatives with a direct profit interest in nuclear power who are continuing the campaign.

"They start from the false assumption that all nuclear powered electricity will be replaced by new electricity, and try to frighten people with the results when nuclear power is stopped. They claim that we cannot economize and save electrical energy, or that we have not been able to produce new domestic alternatives. Both are false," said Dahl.

She is satisfied with what has happened so far, and even maintains that the termination of nuclear power is easier to carry out than she herself thought when the decision was made.

At least half of today's electricity from nuclear power will be replaced by economizing and new heating and process technology. Dahl said that there is significant opportunity for savings. Among the new alternatives are the heat pump and domestic fuel, even before significant energy production. During the next few years she is especially hopeful of the introduction of natural gas in Malmo and Gothenburg, with possibilities for further expansion. The next alternative is solar energy.

Solar Panels

Excited by the newly formed Solar Energy Association, Dahl expects that simple and cheap solar panels will replace direct electric heat in many of the 450,000 small houses that were built in the 1960's and 70's and which will be ripe for renovation in 10 years. Solar energy will be a common everyday technique, she believes.

"Most people support the basic demands behind the referendum, to unify the demand for good environment, safe energy production and good economy and employment. Therefore everybody should welcome a new initiative in the energy area. But the damage from the days of the nuclear power conflict lives on, and blocks the thoughts of a few extremists," she said.

On Monday Dahl will have conversations with the environmental movement to discuss how they will proceed with the program for terminating nuclear power. A short time ago, when the government gave a go-ahead to Vattenfall to renovate the nuclear power plant Ringhalls 2 for 1.2 billion kronor, the friends of the environment broke out in a resounding protest, saying that now the energy minister had forfeited all credibility as one who would terminate nuclear power.

Expected to Close

Dahl now says that as national owner of Ringhalls she seriously considered closing the nuclear power plant. The intention would have been to give a signal to the environmental movement as well as the nuclear power advocates who are conducting the campaign against the referendum that the government is serious about its decision to terminate.

That would be the notification that the environmental movement is waiting for that termination is beginning.

"But that would have brought about a heavy increase in oil burning, which would have been damaging to the environment. Nor could we just say no to exchanging the turbines at Ringhalls 2, because then it would have been operating under minimum safety conditions. Furthermore that would have lowered the general safety and radiation protection standards for the entire nuclear power program. Under no circumstances could I contribute to that. All these were facts which the environmental movement was not aware of," said Dahl.

She wants to bring about cooperation between the environmental movement and the labor movement about energy and the environment. When representatives of "yesterday's saints" criticize the energy minister for having chosen poor advisors, and point to her former line 3 colleague Peter Larsson, she says:

"I have purposely chosen my colleagues as I did because I feel greater communion with that part of Sweden and the environmental movement. The labor movement and the environmental movement must be able to cooperate in order to guarantee that the energy policy is carried out and that the environmental demands are fulfilled."

When VPK [Communist Left Party], Center Party and even the environmental movement criticize the Social Democrats and the government for lacking credibility in the termination policy, Dahl says that the termination process has already begun. It was begun when the socialist government took over in 1982 by building up alternatives which will make it possible to carry out the termination without straining the environment.

"We have good possibilities of carrying out all three goals: termination of nuclear power, stopping pollution and saving the rivers."

The energy minister is not entirely sure that they will accomplish all three goals at the same time, but the basic position is that for example the four major undisturbed rivers in the north will remain protected.

"I think it is within the realm of possibility to accomplish all three goals if everyone strives to help with economizing and new technology."

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